

# **Exhibit 69**

# TIGER

ASSET INTELLIGENT

*December 14, 2018*

## ***Sears Holdings Corporation***

Inventory Appraisal

Net Orderly Liquidation Value

**PREPARED FOR** Bank of America Merrill Lynch

**INVENTORY DATE** December 1, 2018



NEW YORK | LOS ANGELES | BOSTON | SAN FRANCISCO | CHICAGO | SYDNEY | PERTH | MELBOURNE | BRISBANE

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001151

**JX 103-1**

**Table of Contents** | Inventory Appraisal

**TIGER**

<b>Nature of Engagement.....</b>	<b>1</b>
APPRAISAL SUMMARY.....	3
<b>Analysis and Assumptions.....</b>	<b>7</b>
RETAIL STORE GOB INVENTORY FOR GO-FORWARD, WAVE 1, AND WAVE 2 STORES .....	7
INVENTORY TO BE SOLD ON A WHOLESALE BASIS.....	11
<b>Potential Additional Recoveries .....</b>	<b>12</b>
<b>Company Overview .....</b>	<b>14</b>
<b>Operating Metrics .....</b>	<b>16</b>
SEASONALITY.....	16
COMPARABLE STORE SALES.....	16
GROSS MARGIN.....	16
INVENTORY TURNOVER.....	16
<b>Field Visits.....</b>	<b>17</b>
<b>List of Exhibits .....</b>	<b>20</b>

## **Nature of Engagement | Inventory Appraisal**

**TIGER**

### **Nature of Engagement**

#### **Client / Company**

Tiger Valuation Services, LLC ("Tiger") has been retained by Bank of America Merrill Lynch (the "Lender") to determine the net recovery value of the inventory of Sears Holdings Corporation ("Sears Holdings" or the "Company"). The analysis assumes a court-authorized going-out-of-business ("GOB") scenario with the Company's inventory being sold either to the general public through the Company's stores in a traditional GOB sale, or on a wholesale basis for inventory which is not traditionally sold through retail stores.

On October 15, 2018, the Company filed for Chapter 11 bankruptcy protection, and on October 26, 2018, it began holding store closing events at 142 stores (65 Kmart stores and 77 Sears Full Line stores), referred to as "Wave 1" closing stores throughout Tiger's report.

On November 8, 2018, the Company announced that it will hold store closing events at an additional 40 stores (11 Kmart stores and 29 Sears Full Line stores) beginning on November 16, 2018; these 40 closing stores are referred to as "Wave 2" closing stores in Tiger's report.

Stores that are not scheduled to close are referred to as "go-forward" locations in Tiger's report. Tiger provided separate NOLVs for go-forward stores, Wave 1 closing stores, and Wave 2 closing stores. For go-forward stores, which include 239 Kmart stores, 265 Sears Full Lines stores, and 243 Sears Auto Centers, Tiger has provided a rollforward analysis for the three months ending February 2019.

Because progressive discounting would be used throughout store closing events and the most desirable products would be purchased early in the sales, NOLVs for Wave 1 and Wave 2 closing stores would decline as the sales progress. For Wave 1 closing stores, Tiger provided NOLVs for each of the remaining five weeks of the store closing event scheduled to end on December 30, 2018. For Wave 2 closing stores, Tiger provided NOLVs for each of the remaining eight weeks of the store closing event scheduled to end January 20, 2019.

### **Bid Structure**

The liquidation model depicted in this report values all eligible go-forward inventory on an "equity bid" basis that reflects the willingness of Tiger Valuation Services, LLC's affiliated company, Tiger Capital Group, LLC, to provide an immediate cash guarantee on the inventory.

Wave 1 closing store inventory and Wave 2 closing store inventory is valued on a "fee" basis that reflects the existing Abacus liquidation agreement to manage the liquidation. The agent's fees are \$140,000 for Wave 1 and Wave 2 stores combined for the month of December, and \$120,000 for Wave 2 stores for the month of January.

### **Timing**

The analysis is based on inventory levels as of December 1, 2018. The Company provided inventory in detail as of November 3, 2018, and also provided store count and inventory projections through February 2019. Tiger used the inventory mix as of November 3, 2018 and the Company's inventory projections when developing NOLVs for December 1, 2018.

**This appraisal values only inventory located within the United States, including merchandise in the territories of Guam and Puerto Rico.**

Store banners operated by Sears Holdings as of the appraisal date include Kmart, Sears Full Line, Sears Grand/Essentials, and Sears Auto Centers. For the purposes of this analysis, the Company's five Sears Grand/Essentials locations have been included in the Sears Full Line division.

### **Field Visits**

As part of the review process, Tiger representatives visited 45 stores. The field evaluations were arranged so that representatives visited each operating retail business segment, or banner, including 18 Sears Full Line Stores, 13 Sears Auto Centers, and 14 Kmart locations; 13 of the visits were conducted at closing stores. The field visits, many of which occurred announced, included observation of general store conditions, store location, local competition, inventory levels, seasonality of inventory, presentation, signage, and price points.



***Nature of Engagement*** | Inventory Appraisal

**TIGER**

Inventory analyses rely in large part on information supplied by the Company to Tiger. The accuracy of the Company-supplied information was assumed and utilized throughout the report without independent verification or audit. Tiger makes no representation or warranty as to the completeness of information supplied by the Company and shall have no liability for any expressed or implied representations contained herein. Estimates in this analysis are based on the inventory levels and mix as of November 3, 2018, as well as the inventory and store conditions observed during store visits. If there is any material change in merchandise mix or store conditions, results would vary.

## Nature of Engagement | Inventory Appraisal

**TIGER**

### Tiger's engagement did not include the following actions:

- 1) Taking or observing a physical inventory
- 2) Reviewing Company insurance coverage
- 3) Determining ownership of inventory
- 4) Reviewing inventory for any liens or encumbrances
- 5) A review of store leases

All inventory and estimated recovery values for the inventory to be included in the retail GOB sales (see Exhibit A-1) have been provided by store group (i.e. Go-Forward, Wave 1 closing group, Wave 2 closing group) and further separated by business segment, or banner (i.e. Kmart, Sears Full Line Stores, Sears Auto Centers). For the inventory classifications to be sold on a wholesale basis, inventory information and recoveries are shown by specific category (see Exhibit B-6).

### Appraisal Summary

#### Go-Forward Stores

Based upon our review and analysis, Tiger has projected a blended net liquidation value after all expenses for eligible inventory that would be sold through go-forward stores and on a wholesale basis of 85.4% of cost as of December 1, 2018. The following table compares Tiger's updated NOLVs for the month of December to the NOLVs presented for the month of December in Tiger's previous appraisal. Tiger notes that the updated NOLVs shown in the following table apply only to inventory that would be sold through go-forward stores and on a wholesale basis.

Sears Holdings Corporation (Exhibit A-1) Go-Forward Inventory Consolidated Net Liquidation Value Comparison Projected for December 1, 2018 vs. October 6, 2018 Appraisal (Dec Rollforward) (\$ in millions)									
Classification	Projected for December 1, 2018			As of October 6, 2018 (Dec Rollforward)			Change		
	Cost \$	Blended Net Rec.	% of Cost	Cost \$	Blended Net Rec.	% of Cost	Cost \$	Blended Net Rec.	% of Cost
<b>GOB Inventory</b>									
Kmart Stores	\$599.0	\$521.0	87.0%	\$622.1	\$541.2	87.0%	(\$23.0)	(\$20.2)	(0.0%)
Sears Full Line Stores	\$888.0	\$881.3	99.3%	\$890.0	\$883.4	99.3%	(\$2.1)	(\$2.1)	(0.0%)
Sears Auto Centers	\$46.4	\$19.4	41.8%	\$49.7	\$20.8	41.8%	(\$3.3)	(\$1.4)	(0.0%)
<b>Subtotal - GOB Inventory</b>	<b>\$1,533.4</b>	<b>\$1,421.7</b>	<b>92.7%</b>	<b>\$1,561.8</b>	<b>\$1,445.4</b>	<b>92.5%</b>	<b>(\$28.4)</b>	<b>(\$23.7)</b>	<b>0.2%</b>
Non-Direct Sale Expenses	N/A	(\$63.1)	(3.9%)	N/A	(\$63.3)	(3.8%)	N/A	\$0.3	(0.1%)
Wholesale	\$101.7	\$36.9	36.3%	\$110.8	\$39.0	35.2%	(\$9.0)	(\$2.1)	1.1%
<b>Total</b>	<b>\$1,635.1</b>	<b>\$1,395.6</b>	<b>85.4%</b>	<b>\$1,672.6</b>	<b>\$1,421.0</b>	<b>85.0%</b>	<b>(\$37.5)</b>	<b>(\$25.5)</b>	<b>0.4%</b>

#### *NOLV Comparisons*

**Store Inventory** – Tiger's assumptions regarding the sale of inventory through go-forward Kmart, Sears Full Line, and Sears Auto Center stores did not change since the previous appraisal; as such, there were no significant changes to the NOLVs on cost for inventory that would be sold through go-forward Kmart, Sears Full Line, and Sears Auto Center stores as compared to the December rollforward provided in the previous appraisal.



## Nature of Engagement | Inventory Appraisal

TIGER

**Wholesale Inventory** – The NOLV on cost for inventory that would be sold on a wholesale basis during a liquidation increased by 1.1 percentage points compared to the December rollforward provided in the previous appraisal. Since Tiger's previous analysis, commercial sales inventory and repair parts, which are lower-recovering categories, decreased as a proportion of wholesale inventory at cost. This shift in the inventory mix caused the total GOLV at cost for wholesale inventory to increase compared to Tiger's prior analysis.

**Total Go-Forward Inventory** – The NOLV on cost for all eligible go-forward inventory increased by 0.4 percentage point compared to the December rollforward provided in the prior appraisal. Compared to projections provided by the Company in the previous appraisal, Sears Full Line inventory – which Tiger has determined would achieve higher recovery values than Kmart inventory in a liquidation – increased as a proportion of projected inventory at cost, positively impacting the NOLV on a percentage-to-cost basis.

As with the month of December, the proportion of go-forward Sears Full Line inventory for the month of January is projected to increase compared to projections provided in the previous appraisal; as such, Tiger's projected NOLV for the month of January also increased.

Tiger's NOLV on cost for February decreased by 1.4 percentage points. In the previous appraisal, Tiger did not provide an NOLV for the month of February; the projected NOLV change for February is in comparison to the appraisal that was based on inventory as of July 7, 2018. Compared to February projections provided by the Company, Kmart inventory increased as a proportion of eligible go-forward inventory at cost, negatively impacting the NOLV on cost. In addition, the projected eligible inventory for February 2019 is lower than the Company's previous projections by \$804.0 million at cost, or 34.8%. While the significant decrease in eligible inventory led to a reduction in non-direct liquidation expenses on a dollar basis, it resulted in lower efficiencies on expenses, which caused liquidation expenses to increase on a percentage-to-cost basis and led to a further decline in the NOLV for February.

### 3-Month Liquidation Analysis

At the Lender's request, Tiger has developed a three-month liquidation analysis for eligible inventory that would be sold through go-forward stores and eligible inventory that would be sold on a wholesale basis to illustrate the effect of changing inventory levels and the resulting variable expenses on estimated net liquidation values by month (Exhibit A-3a). Based upon Company-provided monthly inventory projections, blended net recovery values for GOB retail inventory and wholesale inventory were forecast for sales commencing at the beginning of each of the three months from December 2018 through February 2019.

Using the Company-provided monthly inventories, recovery values in Tiger's three-month liquidation model are based on the assumption that the Company's inventory mix and mark-ups remain consistent with the levels reported as of November 3, 2018, and that go-forward store counts will be in line with Company-provided projections. Any changes to the inventory levels, product mix, or mark-up would have a material effect on the projected recovery values provided in the three-month analysis. Using the Company's projected monthly inventories, the chart below indicates the estimated monthly recoveries for sales of inventory through go-forward stores and on a wholesale basis.

Sears Holdings Corporation Projected 3 Month Liquidation Analysis Go-Forward Inventory Blended Net Recovery on Cost Projected Forward From December 1, 2018 (\$ in 000s)									
Beginning Month	Current Appraisal			Previous Appraisal			Change		
	Inventory at Cost	Blended Net Recovery	% of Cost	Inventory at Cost	Blended Net Recovery	% of Cost	Inventory at Cost	Blended Net Recovery	% of Cost
December 2018	\$1,635,106	\$1,395,566	85.4%	\$1,672,578	\$1,421,047	85.0%	(\$37,473)	(\$25,481)	0.4%
January	1,462,937	1,191,108	81.4%	1,501,748	1,219,372	81.2%	(38,810)	(28,265)	0.2%
February 2019	1,505,021	1,249,429	83.0%	2,308,996	1,948,823	84.4%	(803,975)	(699,395)	(1.4%)

## Nature of Engagement | Inventory Appraisal

**TIGER**

### Wave 1 and Wave 2 Closing Stores

The group of Wave 1 closing stores consists of 65 Kmart stores and 77 Sears Full Line stores. Wave 1 store closing events began on October 26, 2018, and the Company projects the events to last through December 30, 2018. The group of Wave 2 closing stores consists of 11 Kmart stores and 29 Sears Full Line stores. Wave 2 closing events began on November 16, 2018 and are projected to last through January 20, 2019.

For Wave 1 and Wave 2 closing stores, Tiger provided NOLVs for each week of the scheduled store closing events; each weekly NOLV represents Tiger's projected net recovery value for a sale of inventory commencing at the start of that week and lasting through the end of the projected sale term.

At its store closing events, the Company is offering progressing discounts and using highly promotional signage advertising available discounts. Tiger has assumed that the most desirable products would be purchased early in the store closing sales, with the proportion of slower-moving items – which would require greater discounts than faster-turning items – increasing as store closing events progress. Due to the progressive discounting and early sell-through of the most desirable products at closing stores, Tiger's projected NOLVs for Wave 1 and Wave 2 closing stores decline as the Company's store closing events progress.

### *NOLV Comparison*

Tiger notes that the Company projects the sale terms for Wave 1 and Wave 2 closing stores to be two weeks shorter than it originally projected: Wave 1 closing events are now projected to last through December 30, 2018, and Wave 2 closing events are now projected to last through January 20, 2019. Tiger determined that for a sale commencing at the beginning of December, higher discounts would be needed to effectively sell through the inventory in the shortened period of time; the increased discounting led to an NOLV decline of 4.6 percentage points for Wave 1 stores as compared to the December rollforward provided in the previous appraisal, and an NOLV decline of 13.2 percentage points for Wave 2 stores.

The following tables summarize Tiger's projected rollforward NOLVs for sales at Wave 1 and Wave 2 closing stores.

Sears Holdings Corporation Store Closing Summary Wave 1 Blended Net Recovery on Cost (\$ in 000s)				
Week	Date Range	Inventory at Cost	Blended Net Recovery	% of Cost
Week 6	12/01 - 12/07	\$215,500	\$164,239	76.2%
Week 7	12/08 - 12/14	186,927	128,749	68.9%
Week 8	12/15 - 12/21	146,220	85,284	58.3%
Week 9	12/22 - 12/28	92,998	43,414	46.7%
Week 10	12/29 - 12/30	28,486	7,936	27.9%



**Nature of Engagement | Inventory Appraisal**

**TIGER**

Sears Holdings Corporation Store Closing Summary Wave 2 Blended Net Recovery on Cost (\$ in 000s)				
Week	Date Range	Inventory at Cost	Blended Net Recovery	% of Cost
Week 3	12/01 - 12/07	\$57,129	\$44,960	78.7%
Week 4	12/08 - 12/14	53,335	38,721	72.6%
Week 5	12/15 - 12/21	49,009	32,304	65.9%
Week 6	12/22 - 12/28	44,367	25,297	57.0%
Week 7	12/29 - 01/04	38,763	17,701	45.7%
Week 8	01/05 - 01/11	31,659	9,357	29.6%
Week 9	01/12 - 01/18	21,290	4,258	20.0%
Week 10	01/19 - 01/20	7,790	568	7.3%

**Total Company**

Based on Tiger's projected NOLVs for go-forward inventory and Wave 1 and Wave 2 closing store inventory, the blended NOLV projected for a liquidation sale of all eligible inventory commencing on December 1, 2018 is 84.1% of cost. The following table compares Tiger's updated NOLVs for the month of December to the total NOLV presented for the month of December in Tiger's previous appraisal, which was based on detailed inventory as of October 6, 2018.

Sears Holdings Corporation (Exhibit A-1) Total Company Consolidated Net Liquidation Value Comparison Projected for December 1, 2018 vs. October 6, 2018 Appraisal (Dec Rollforward) (\$ in millions)									
Classification	Projected for December 1, 2018			As of October 6, 2018 (Dec Rollforward)			Change		
	Cost \$	Blended Net Rec.	% of Cost	Cost \$	Blended Net Rec.	% of Cost	Cost \$	Blended Net Rec.	% of Cost
<b>GOB Inventory</b>									
Kmart Stores	\$707.2	\$597.8	84.5%	\$770.3	\$652.8	84.8%	(\$63.1)	(\$55.0)	(0.2%)
Sears Full Line Stores	\$1,052.4	\$1,014.6	96.4%	\$1,087.4	\$1,060.9	97.6%	(\$35.0)	(\$46.2)	(1.2%)
Sears Auto Centers	\$46.4	\$19.4	41.8%	\$49.7	\$20.8	41.8%	(\$3.3)	(\$1.4)	(0.0%)
Subtotal - GOB Inventory	\$1,806.0	\$1,631.8	90.4%	\$1,907.4	\$1,734.5	90.9%	(\$101.4)	(\$102.6)	(0.6%)
Non-Direct Sale Expenses	N/A	(\$64.0)	(3.4%)	N/A	(\$64.5)	(3.2%)	N/A	\$0.5	(0.2%)
Wholesale	\$101.7	\$36.9	36.3%	\$110.8	\$39.0	35.2%	(\$9.0)	(\$2.1)	1.1%
<b>Total</b>	<b>\$1,907.7</b>	<b>\$1,604.8</b>	<b>84.1%</b>	<b>\$2,018.2</b>	<b>\$1,709.0</b>	<b>84.7%</b>	<b>(\$110.4)</b>	<b>(\$104.2)</b>	<b>(0.6%)</b>

## Analysis and Assumptions | Inventory Appraisal

**TIGER**

### Analysis and Assumptions

For the purpose of determining estimated recovery values for eligible inventory available for sale, Tiger reduced the projected stock ledger inventory of \$2.22 billion at cost by \$174.5 million to account for various categories such as unshipped merchandise, consignment inventory, and certain accounting adjustments (see Exhibit F for full details). Also excluded from inventory available for sale is \$141.3 million of Ocean In-Transit Inventory, which may not arrive in time for inclusion in the GOB sale (see the Potential Additional Recoveries section of this report).

The remaining \$1.91 billion balance, which is available for liquidation, has been divided into two categories for the purpose of determining net liquidation values (see Exhibit F):

	<u>Cost</u>
Retail Store GOB Inventory	<u>\$1.81 billion</u>
Inventory To Be Sold On a Wholesale Basis	<u>\$101.7 million</u>

### Retail Store GOB Inventory for Go-Forward, Wave 1, and Wave 2 Stores

For the purpose of determining recovery values for the retail portion of the Company's inventory, this analysis assumes and is based on the ability to conduct traditional GOB sales to the general public through the Company's retail locations.

The \$1.81 billion at cost of projected inventory to be included in retail store GOB sales has an estimated retail value of approximately \$4.53 billion, based on the cost-to-retail relationship as of November 3, 2018, as follows (see Exhibit B-2):

Projected for December 1, 2018 (\$ in millions)		
	<u>Cost</u>	<u>Retail</u>
Go-Forward Stores		
Kmart Stores	\$599.0	\$1,365.4
Sears Banners	\$934.3	\$2,476.3
Wave 1 Closing Stores		
Kmart Stores	\$86.8	\$197.9
Sears Banners	\$128.7	\$346.3
Wave 2 Closing Stores		
Kmart Stores	\$21.3	\$48.6
Sears Banners	\$35.8	\$96.4
<b>Total</b>	<b><u>\$1,806.0</u></b>	<b><u>\$4,530.8</u></b>

Retailers often track certain merchandise departments in their records on a cost-only basis. All Sears banner distribution center inventory, as well as Sears Auto Centers inventory, is carried in the stock ledger at cost only. The Company provided Tiger with a computed retail value for distribution center and Auto Centers inventory. Kmart distribution center inventory is carried in the stock ledger at both cost and retail.

At Kmart, departments tracked on a cost-only basis include Non-Prescription Pharmacy, Tobacco, and Alcohol, all of which are to be included in the retail store GOB sale. Using Company-supplied sales and margin information, Tiger computed a projected retail value of \$2.6 million for these categories (see Exhibit A-2a).



## Analysis and Assumptions | Inventory Appraisal

**TIGER**

It is assumed that all first-quality distribution center inventory would be distributed to the retail stores for inclusion in the retail store GOB sales. For presentation purposes, all Sears banners' distribution center inventory, with the exception of Tires, is included in the Sears Full Line stores. Tires have been included in Sears Auto Center locations. (Descriptions of individual banners are provided in the Company Overview section of this report.)

Tiger assumes all Company catalog and Internet operations (Sears.com, Kmart.com, etc.) would be discontinued in the event of a liquidation, and the related inventory would be distributed to retail stores.

In order to more closely reflect actual historical selling prices, Tiger reduced the projected beginning retail inventory of \$4.53 billion by \$1.09 billion, or 24.0%, to reflect unknown damages, excess shrink, and a pricing adjustment. The estimated retail markdown of \$1.09 billion is broken down as follows: \$330.1 million for go-forward Kmart stores; \$577.8 million for go-forward Sears Full Line stores; \$13.9 million for Sears Auto Centers; \$47.8 million for Wave 1 Kmart stores; \$83.5 million for Wave 1 Sears Full Line stores; \$11.7 million for Wave 2 Kmart stores; and \$23.2 million for Wave 2 Sears Full Line stores (see Exhibit B-2). As a percentage of eligible GOB inventory at retail, the total markdown has been increased by 0.7 percentage point since Tiger's last appraisal.

The resulting adjusted eligible inventory available to be sold in the retail GOB sales is as follows:

Adjusted Eligible Inventory Projected for December 1, 2018 (\$ in millions)				
	Cost	Retail	Retail Markdown	Adjusted Retail
<b><u>Go-Forward Inventory</u></b>				
Kmart	\$599.0	\$1,365.4	\$330.1	\$1,035.3
Sears Full Line	\$888.0	\$2,389.2	\$577.8	\$1,811.4
Sears Auto Centers	\$46.4	\$87.1	\$13.9	\$73.2
<b>Total: Go-Forward</b>	<b>\$1,533.4</b>	<b>\$3,841.6</b>	<b>\$921.8</b>	<b>\$2,919.8</b>
<b><u>Wave 1 Inventory</u></b>				
Kmart	\$86.8	\$197.9	\$47.8	\$150.0
Sears Full Line	\$128.7	\$346.3	\$83.5	\$262.8
<b>Total: Wave 1</b>	<b>\$215.5</b>	<b>\$544.2</b>	<b>\$131.4</b>	<b>\$412.8</b>
<b><u>Wave 2 Inventory</u></b>				
Kmart	\$21.3	\$48.6	\$11.7	\$36.8
Sears Full Line	\$35.8	\$96.4	\$23.2	\$73.1
<b>Total: Wave 2</b>	<b>\$57.1</b>	<b>\$145.0</b>	<b>\$35.0</b>	<b>\$110.0</b>
<b>Total</b>	<b>\$1,806.0</b>	<b>\$4,530.8</b>	<b>\$1,088.2</b>	<b>\$3,442.6</b>



## Analysis and Assumptions | Inventory Appraisal

**TIGER**

### Sale Period

Tiger has reviewed each retail business segment, or banner, and independently estimated sale periods, recoveries, and expenses for each. The estimated sale terms for the retail store GOB sales vary by store group and banner and are based, in part, on the inventory mix and merchandise levels observed during store visits as well as on historical sales.

The chart below compares the projected sale term for a GOB sale of inventory reported as of the appraisal date through go-forward stores to the December rollforward provided in the previous analysis; the estimated sale terms for the Kmart and Sears Auto Centers banners decreased, due primarily to declines in per-store inventory levels as compared to projections provided in the previous appraisal. Meanwhile, the sale term for Sears Full Line stores increased, due primarily to declines in comparable store sales.

Estimated Sale Term by Banner Go-Forward Stores Projected for Dec 1, 2018 vs. Oct 6, 2018 Appraisal (Dec Rollforward)			
	Current Analysis	Previous Analysis	Change
Kmart	8.8 Weeks	9.0 Weeks	-0.2 Weeks
Sears Full Line	12.4 Weeks	12.3 Weeks	0.1 Weeks
Auto Centers	8.2 Weeks	8.9 Weeks	-0.7 Weeks

The sale term for Wave 1 closing stores, which are scheduled to close on December 30, 2018, is five weeks, and the sale term for Wave 2 closing stores, which are scheduled to close on January 20, 2019, is eight weeks.

This review assumes that within each store grouping, all locations would remain open throughout the entire sale term projected for their respective banners. However, it is likely that some locations would close before the forecasted end dates, whereas others would remain open beyond the estimated sale terms. The projected sale terms provided above, therefore, represent the average period of time a given store is likely to remain open during a GOB event.

### Sale Expenses

Expenses for the retail GOB inventory sale included in this analysis consist of two categories:

- Direct Sale Expenses – Those expenses directly related to the store locations.
- Non-Direct Sale Expenses – Royalty payments, base liquidation fees, and corporate overhead required to support the retail store GOB sales.

*NOTE: Both Direct and Non-Direct Sale Expenses are reflected for the GOB sale period only.*

Expenses of the sale include a provision in the Direct Sale Expenses for operating the distribution centers in order to move the warehouse inventory to the retail locations for inclusion in the retail store GOBs. The warehousing costs for all Sears retail business segments are reflected in the Full Line Stores analysis (see Exhibit A-2b).

### Gift Certificates/Cash Cards (\$36.3 million as of November 3, 2018)

Tiger was asked by the Lender not to include gift certificates/cash card redemptions as a cost of liquidation, since these are reflected as a reserve in the borrowing base. Typically, an estimate for gift certificate/cash card redemptions is included as a direct sale expense. However, since the Lender has already reserved for this liability, it was excluded from this analysis to prevent the Company from being charged twice. As of the appraisal date, the gift certificate/cash card liability totaled \$36.3 million.

## Analysis and Assumptions | Inventory Appraisal

TIGER

### Shop Your Way Rewards Program

Customers can sign up for the Company's free Shop Your Way Rewards Program, which has been in operation since the end of fiscal 2009. Participants earn 10 points for every \$1.00 spent on qualifying purchases at select Sears Full Line, Sears Auto Centers, and Kmart retail locations. Additional points can also be earned on qualifying home repairs and improvement services. In addition, Sears Hometown & Outlet Stores, Inc. (SHO) and Lands' End retail locations participate in the Shop Your Way program.

For every 1,000 points accumulated, members receive a \$1.00 deposit into their accounts that is redeemable on future purchases at any of the participating businesses. Points are valid for one year and are tracked using membership cards presented at the point of purchase.

Tiger has assumed that during a GOB event, the Company's customers would not be able to redeem credits earned through the Shop Your Way program, and Sears would not issue new points. Tiger took the cancellation of the rewards program within Company-operated stores into consideration when developing recovery values for this analysis.

### Royalties

As of the appraisal date, the Company had agreements with several licensors, including Adam Levine, Bongo, Cannon, Everlast, Jaclyn Smith, Joe Boxer, Outdoor Life, and Route 66.

Most royalty agreements stipulate that payments are to be based on net retail sales, though several agreements require payments based on the cost value of purchased merchandise. For this review, Tiger has calculated total royalty payments of approximately \$5.5 million based upon the sales of inventory on hand for these licenses. Royalty payments are projected to total \$4.8 million for go-forward inventory, \$527 thousand for Wave 1 closing store inventory, and \$154 thousand for Wave 2 closing store inventory (see Exhibit A-2). Note: During any GOB sale, royalty payments due will be determined by the levels of on-hand licensed inventory at the actual time of a liquidation and the sales value of the inventory at the discounted GOB selling prices.

### Retail Store GOB Net Recovery

Based upon all the assumptions discussed, Tiger has estimated the total blended net recovery value for the combined adjusted retail GOB inventory of \$1.81 billion at cost prior to non-direct sale expenses. The net recovery value for go-forward stores is \$1.42 billion, the net recovery value for Wave 1 closing stores is \$164.9 million, and the net recovery value for Wave 2 closing stores is \$45.2 million (see Exhibit A-1):

Blended Net Liquidation Value Retail Store GOB Inventory Projected for December 1, 2018 vs. October 6, 2018 Appraisal (Dec Rollforward) (\$ in 000s)									
	Projected for December 1, 2018			As of October 6, 2018 (Dec Rollforward)			Change		
	Available Inv. at Cost (\$)	Blended Net Recovery (\$)	As a % of Available Inv. at cost	Available Inv. at Cost (\$)	Blended Net Recovery (\$)	As a % of Available Inv. at cost	Available Inv. at Cost (\$)	Blended Net Recovery (\$)	As a % of Available Inv. at cost
Go-Forward Inventory	\$1,533,362	\$1,421,706	92.7%	\$1,561,806	\$1,445,382	92.5%	(\$28,445)	(\$23,676)	0.2%
Wave 1 Inventory	215,500	164,906	76.5%	266,700	216,188	81.1%	(51,199)	(51,282)	(4.5%)
Wave 2 Inventory	57,129	45,234	79.2%	78,875	72,916	92.4%	(21,746)	(27,682)	(13.3%)
<b>Total</b>	<b>\$1,805,991</b>	<b>\$1,631,846</b>	<b>90.4%</b>	<b>\$1,907,381</b>	<b>\$1,734,485</b>	<b>90.9%</b>	<b>(\$101,390)</b>	<b>(\$102,639)</b>	<b>(0.6%)</b>



## Analysis and Assumptions | Inventory Appraisal

TIGER

### Inventory To Be Sold On A Wholesale Basis

Several categories of Sears Holdings inventory, totaling \$101.7 million, have not been included in the retail store GOB sales, as these categories are better sold on a wholesale basis (details are reflected on Exhibit F). Inventory categories that would be sold on a wholesale basis include Prescription Pharmacy, Repair Parts, RTV/Damages, Sears Home Improvement, and others.

The recovery estimates for the classifications of inventory to be sold on a wholesale basis (see Exhibit B-6) are shown net of the associated expenses. Tiger's projected net recovery value for the wholesale portion of the Sears Holdings inventory as of December 1, 2018 is as follows:

Blended Net Liquidation Value Wholesale Inventory Projected for December 1, 2018 (\$ in 000s)			
	Available Inv. at Cost (\$)	Blended Net Recovery (\$)	As a % of Available Inv. at cost
Total	\$101,744	\$36,921	36.3%

Included in the inventory to be sold on a wholesale basis is Prescription Pharmacy Inventory, which was projected to total \$30.6 million at cost on December 1, 2018 (Exhibit F). Typically, prescription inventory is sold in conjunction with a company's prescription lists. The lists should be sold prior to any announcement regarding any store closings or GOB sales in order to prevent nearby competitors from luring away script customers and diminishing the value of the lists.

The recovery values for Prescription Pharmacy Inventory reflected in this analysis are for the inventory only and do not include the value of the script lists. For a discussion of prescription lists, see the following section of this report, Potential Additional Recoveries.



## **Potential Additional Recoveries | Inventory Appraisal**

**TIGER**

### **Potential Additional Recoveries**

In addition to the net recovery values for retail store GOB inventory and inventory sold on a wholesale basis, Tiger has identified several areas of potential additional recoveries not reflected in this analysis that would be realized in a GOB scenario:

#### **Ocean In-Transit Inventory**

Ocean In-Transit Inventory was projected to total \$141.3 million at pre-landed cost as of December 1, 2018. To the extent that this inventory did arrive during a liquidation, it would either be included in the retail store GOB sale or would be sold on a wholesale basis, depending on the timing of its arrival. In either instance, it would represent additional recoveries above the net recoveries exhibited in this analysis. There would be an additional expense for Ocean In-Transit Inventory for Customs, Insurance, and Freight (CIF) costs, which would range from 10% to 30% of the cost value, depending on the item.

#### **Lay-away Inventory/Lay-away Receivables**

Sears and Kmart stores offer customers a lay-away program in which the inventory is removed from the stock ledger when the sale is recorded and a receivable is created for the outstanding balance. As of November 3, 2018, lay-away inventory was approximately \$37.1 million at cost. The outstanding lay-away receivable was approximately \$14.9 million.

Additional recoveries during a GOB sale would be realized either through the collection of the outstanding receivable after providing the merchandise to the customer, or for the sale of cancelled lay-away inventory, which would be returned to stock and included in the retail store GOB sale. To the extent that the sales of any of this inventory are not completed, however, the Company would face a liability associated with the corresponding customer deposits.

#### **Consignment Inventory**

Tiger's analysis has excluded consignment inventory from the retail GOB sale, as this inventory is not owned by the Company. However, it is common in retail GOB sales for consignors to ask the company to include consignment goods on the consignors' behalf, for which the retailer receives a commission. Any earned commissions would represent additional recoveries.

Projected consignment inventory for December 1, 2018 is approximately \$2.2 million at cost, all of which is for the Kmart banner (see Exhibit F).

#### **Unshipped Merchandise**

The Company projected unshipped goods – which consist of inventory that has not yet been shipped to customers – within Sears banners to total approximately \$103.0 million at cost as of December 1, 2018. Unshipped Merchandise is part of the \$174.5 million excluded from the beginning stock ledger inventory of \$2.22 billion at cost (see Exhibit F).

Unshipped merchandise consists primarily of big-ticket items and have been excluded from the eligible beginning retail store GOB inventory, as they are fully paid for and subject to shipment to customers. In the event that merchandise is not shipped due to a cancellation by the customer prior to a GOB sale, it would be included in the liquidation and would represent additional recoveries. However, to the extent that any of this inventory is not shipped, there would be a liability associated with the corresponding customer payments.

#### **Prescription Lists**

The value of the Company's pharmacy prescription lists has not been included in this analysis, although these scripts would be valuable in a GOB scenario. In the past, Kmart has sold script lists to third parties when locations are shuttered and the nearest Kmart store is too far to easily transfer the list and customers. Kmart locations are generally within a close proximity to drugstore chains and other big-box retailers offering pharmacy services. These competing locations would create demand for Kmart's script lists. Based upon recent script valuations for similar pharmacy prescription databases, the average return would be approximately \$5.00 per prescription.

#### **Warranty Revenue**

One significant form of additional income at Sears is Protection Agreements (Extended Warranty Coverage). According to management, the sale of Sears Holdings' Protection Agreements was suspended in 33 states, Puerto Rico, and Guam after Sears Holdings' bankruptcy filing.

**Potential Additional Recoveries | Inventory Appraisal**

**TIGER**

Management stated that at the time of Tiger's current appraisal, the Company had ceased selling Sears Holdings' Protection Agreements and was instead offering extended warranty plans backed by third-party firm Assurant. The Assurant plans were being offered in 43 states, while in the remaining seven states, Puerto Rico, and Guam, the Company was not selling extended warranties.

Protection Agreements may still be sold during the period of the GOB sale, based on the assumption that a third party would back up the warranty.

**Other Miscellaneous Income Items**

As part of its normal course of business, the Company collects fees and income. These income items include sub-tenant rents, ATM fees, vending machine fees, and paper recycling income. Based upon the 12 months ended fiscal October 2018, these income items aggregated approximately \$135.5 million, or \$11.3 million per month. To the extent that these income items continue during the GOB sale, the Company would realize additional recoveries.

**Leased Department Income**

The Company has several licensed businesses which operate leased departments in Sears and Kmart retail stores, including Dental Clinics, Optical Centers, Portrait Studios, Tax Service Centers, Car Rentals, Hair Salons, and Driving Schools. It is common for many leased departments to continue operating during a retail GOB sale. To the extent that leased departments do operate, additional recoveries to the estate in the form of rent and commission payments would be earned. Within all stores, leased departments generated licensed business income of approximately \$45.5 million for the 12 months ended fiscal October 2018, or approximately \$3.7 million per month, according to Company records.

**Auto Center Labor**

Sears offers automotive services including oil changes, tune ups, wheel alignments, battery replacements, and other installations of various auto parts. Revenue from these services totaled approximately \$189.1 million during the 12 months ended October 2018, or approximately \$15.7 million per month. The gross recovery values assigned by Tiger to each inventory class are based on the assumption that these services would continue throughout the sale term. While Tiger has included the labor expenses related to these services in its GOB model, it has not included the service revenue generated.



## Company Overview | Inventory Appraisal

TIGER

### Company Overview

Sears Holdings is one of the nation's largest broadband retailers, operating a total of 1,072 retail stores in the United States as of November 3, 2018, including the territories of Guam and Puerto Rico.



The following table summarizes the number of locations within each group of stores by banner as of November 3, 2018:

Store Count By Banner As of November 3, 2018					
Banner	Go-Forward	Already in Process of Closing	Wave 1 Closings	Wave 2 Closings	Total
Kmart	239	17	65	11	332
Sears Full Line	265	42	77	29	413
Sears Auto Centers	243	5	58	21	327
Total	747	64	200	61	1,072

The Company's product mix includes a wide variety of national brands and proprietary labels, including Kenmore, DieHard, Covington, and Canyon River Blues. Company locations compete with national retailers such as Target, Walmart, JC Penney, Kohl's, Lowe's, and Home Depot.

### Sears, Roebuck and Co.

For the purposes of this analysis, the Sears segment can be classified under two main banners:

#### Full Line Stores (408 Full Line, five Grand/Essentials)

Full Line Stores carry a wide selection of both hardlines (appliances, electronics, home improvement products, tools, fitness equipment, lawn care needs) and softlines (apparel, footwear, outerwear, fashion and fine jewelry, fragrances, handbags). Most Full Line stores are located within shopping malls, with a small amount operating as freestanding locations. The average Full Line store measures approximately 150,000 square feet.



Exterior of a Sears Full Line store in Las Vegas

A total of five Sears Grand/Essentials stores are included in the Sears Full Line banner. The Company utilized the Grand/Essentials format to convert freestanding Kmart locations into one-stop, family-oriented concepts that offer the same product categories as Full Lines stores, in addition to more extensive selections of health and beauty products and dry groceries. The average Grand/Essentials location measures approximately 120,000 square feet.

Based on the eligible retail GOB inventory on hand at stores and warehouses as of the appraisal date, the product mix within Sears Full Line Stores was as follows:



#### Sears Auto Centers

Sears Auto Centers typically operate as standalone stores located near shopping malls. Each Sears Auto Center location has multiple garage bays for servicing vehicles and a small sales floor that also serves as the customer waiting area. Products offered at Sears Auto Centers are from major national brands of tires and batteries, including the Company's proprietary DieHard products. *NOTE: Sears Auto Centers are a sub-category within Full Line stores.*



## Company Overview | Inventory Appraisal

TIGER



Exterior of a Sears Auto Center in Las Vegas

Based on the eligible retail GOB inventory on hand at stores and warehouse locations as of the appraisal date, the product mix within Sears Auto Centers was as follows:



### Kmart Corporation

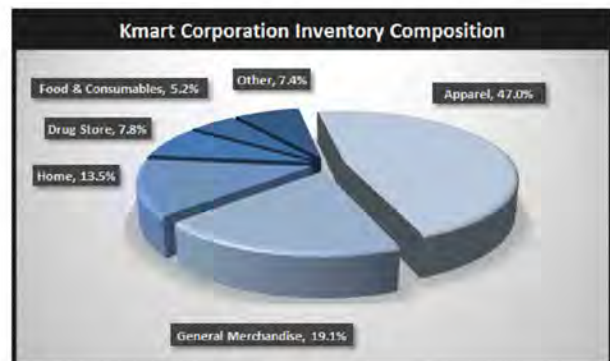
A wholly-owned subsidiary of Sears Holdings Corporation, Kmart operates as a mass merchandising company that offers customers a vast range of national brands and private-label products. Kmart stores are typically located within strip malls or operate as freestanding locations.



Exterior of a Kmart store in Las Vegas

Most Kmart locations carry a wide assortment of general merchandise, including hardlines such as hardware, electronics, and home office supplies, as well as apparel and home goods, including lawn and garden care items. The product mix includes a selection of national brands such as Jaclyn Smith and Joe Boxer. In 2011, the Company began offering proprietary Sears product – such as Kenmore-branded merchandise – at Kmart locations. Kmart stores average about 95,000 square feet in size.

Based on the eligible retail GOB inventory on hand at stores and warehouse locations as of the appraisal date, the product mix within Kmart Corporation was as follows:



## Operating Metrics | Inventory Appraisal

TIGER

### Operating Metrics

As part of this analysis, the Company provided various inventory and sales data for each store banner for the 12 months ended fiscal October 2018.

Operating metrics by department for Kmart Corporation, Sears Full Line Stores, and Sears Auto Centers are provided in Exhibits C-1a, C-1b, and C-1c, respectively.

### Seasonality

As shown in the graph below, sales volumes are typically highest during the winter holiday selling season, while during the remainder of the year, sales remain relatively flat.



### Comparable Store Sales

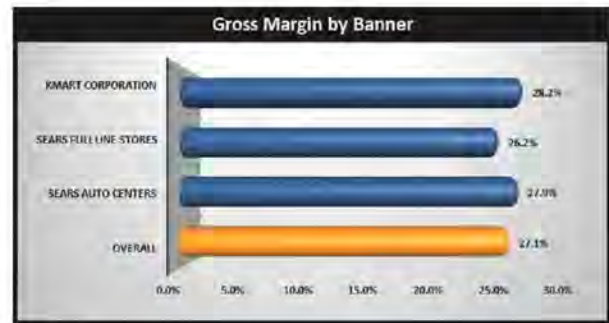
During the 12 months ended October 2018, Kmart Corporation reported comp. sales decreases of 10.1%, including a 2.2% decrease during the most recent three-month period (Exhibits D-1a and D-2a).

At Sears Full Line Stores, comp. sales declined by 12.8% during the same 12-month span. During the most recent three months, comp. sales at Sears Full Line Stores decreased by 6.3% (Exhibits D-1b and D-2b).

Within Sears Auto Centers, comp. sales fell by 13.7% during the 12 months ended October 2018 and by 9.2% during the past three months (Exhibits D-1c and D-2c).

### Gross Margin

Kmart Corporation reported a gross margin of 28.2% on net sales of \$3.90 billion for the 12 months ended October 2018. The margin for the Sears Full Line banner was 26.2% on net sales of \$4.89 billion, while the margin at Sears Auto Centers was 27.9% on net sales of \$281.7 million (Exhibits C-1, C-1a, C-1b, and C-1c).



The average gross margin reported by Kmart Corporation for the three months ended October 2018 remained the same compared to the three months ended October 2017; the margin for Sears Full Line Stores also remained the same during the same time span; and the margin for Sears Auto Centers decreased by 0.3 percentage points during the same time span (Exhibits C-2, C-2a, C-2b, and C-2c).

### Inventory Turnover

During the 12 months ended fiscal October 2018, Kmart Corporation exhibited an average inventory turnover of 2.6, which translates to 141 days' sales. The inventory turnover rate for Sears Full Line Stores was 2.4 times per annum (150 days' sales), while Sears Auto Centers experienced turns of 3.4 (106 days' sales).



Since the previous analysis, the inventory turnover rate for each banner remained relatively flat. Tiger took the Company's current inventory turnover rates into consideration when developing gross recoveries. To the extent that the Company's inventory turnover rate changes, recovery values would be positively or negatively impacted.



## Field Visits

### Overview

Tiger's field representatives visited a total of 45 Company-operated stores, including 14 Kmart locations, 18 Sears Full Line stores, and 13 Sears Auto Centers. Of the 45 locations visited, 13 were in the midst of store closing events.

### Merchandising

Company-operated stores stock a wide range of products, including apparel, accessories, footwear, appliances, home furnishings, mattresses, hardware, kitchen items, health and beauty products, food products, and automotive goods, among others.



*Boys' and girls' apparel pads at a Sears store in Las Vegas*



*Winter holiday merchandise displayed near toy offerings at a Kmart store*

The Company's inventory is from a wide selection of national brands, such as Levi's, Maytag, LG, Samsung, Whirlpool, Cannon, Fruit of the Loom, Goodyear, Kodak, Graco, KitchenAid, Wrangler, Dockers, Dr. Scholl's, Michelin, Nike, Reebok, Sketchers, Hamilton Beach, New Balance, Cuisinart, Tide, Seiko, and Timex, among many others. In addition, some Sears Full Line locations contain Lands' End shop-in-shops. Sears Holdings also offers items from Company-owned labels, such as Kenmore and DieHard.

Consistent with visits performed for Tiger's previous appraisals, field representatives noted that there were still gaps in the tools department at some locations, while other key departments, including apparel and footwear, appeared to be well stocked.

At some locations, including one of the visited Kmart stores in Metairie, La. and the visited Sears Full Line stores in Florida, there were gaps noted in the infants/toddlers hardlines department; for example, there was little to no children's furniture, car seats, strollers, and high chairs.

At the time of Tiger's visits, holiday merchandise displays were fully set up at Sears Full Line and Kmart stores. Field representatives noted that the Company added a selection of toys at Sears Full Line stores for the winter holidays; the Company has not typically carried toys at Sears Full Line stores in past years.



*New toy offerings at a Sears Full Line store*



## Field Visits | Inventory Appraisal

TIGER

### Ticketing

Apparel and other softline merchandise is individually ticketed, usually by vendors or at distribution centers. For hardlines, the Company uses individual stickers, shelf labels, peg hook tags, and stand-up signs that employees place on or near display items. Stores typically generate these labels and signs. Product tags typically include the item number, the vendor name, a brief description, the barcode, the retail price, and, if applicable, the size and season codes.

### Discounting

At some Sears stores, stickers containing marked-down prices are affixed to product tags, while at others, employees highlight the barcodes on product tags, using specific colors for each markdown level. Signs are placed in clearance areas to notify customers what price point each color represents.

Consistent with field visits conducted for the previous report, there was little clearance merchandise on Sears Full Line and Kmart sales floors, as a portion of out-of-season, discontinued, and clearance merchandise had been shipped from go-forward stores to closing stores.

The Company also uses temporary promotions in stores. For example, at the time of Tiger's visits, Sears Full Line stores were running a "Spend and Get" promotion for Shop Your Way program members, in which members received \$30 in cashback points – which are distributed in installments – for every \$30 spent. In addition, Sears Full Line stores were running a member appreciation event, with members receiving an additional 10% discount on their purchases. Additional promotions available to all consumers included up to 30% off of appliances and up to 50% off of apparel and shoes.



"Spend and Get" promotion signage at a Sears Full Line store

At Kmart stores, the Company was offering Shop Your Way members up to \$25 cashback in rewards points. In addition, Kmart stores were also running a member appreciation event similar to Sears Full Line stores, with members receiving an additional 10% discount.



Signage promoting the "Spend and Get" offer at a Kmart in Las Vegas

Promotions at Sears Auto Centers, meanwhile, included buy three DieHard tires, get the fourth tire and tire installation free.

### Loss Prevention / Inventory Control

Stores utilize cameras, alarms, and sensor tags for security. Physical inventory counts are completed on an annual basis by a third party, such as RGIS. Cycle counts are typically conducted weekly, and daily case counts are completed in jewelry departments.

### Closing Stores

During its field visits, Tiger visited 13 retail locations that were in the midst of store closing events. At closing locations, the Company is using signage with language such as "store closing sale" and "everything must go" in store windows and throughout sales floors.

Discounts being offered at closing stores varied by location; for example, at the Metairie, La. Closing Kmart store, discounts being offered at the time of visits ranged from 20% to 50% off of lowest ticketed prices. Meanwhile, discounts being offered at one of the closing Sears Full Line stores in Las Vegas ranged from 25% to 60%. Bright-colored rack-top signage is being used to highlight discounts available on specific product categories. The Company is also using signs indicating updated price points for specific items at closing stores.



*Store closing signage used on the exterior of a Sears Full Line store*



*Example of 40%-off store closing signage used throughout sales floors*



**List of Exhibits | Inventory Appraisal**

**TIGER**

**List of Exhibits**

- A. Total Company: Summary of Blended Net Recovery Values**
  - A-1.** Total Company: Summary of Blended Net Recovery Values by Store Banner or Inventory Type
  - A-2.** Summary of Total Estimated Net Recovery Values On Retail Store GOB Inventory
  - A-2a.** Kmart Corporation: Summary of Estimated Net Recovery Values On Retail Store GOB Inventory
  - A-2b.** Sears Full Line Stores: Summary of Estimated Net Recovery Values On Retail Store GOB Inventory
  - A-2c.** Sears Auto Centers: Summary of Estimated Net Recovery Values On Retail Store GOB Inventory
  - A-3.** Total Company: Projected 3-Month Liquidation Analysis
  - A-3a.** Go-Forward Inventory: 3-Month Liquidation Summary
  - A-3b.** Store Closing Summary: Wave 1
  - A-3c.** Store Closing Summary: Wave 2
- B. Total Company: Inventory Reconciliation**
  - B-1.** Total Company: Stock Ledger Inventory at Cost
  - B-2.** Total Company: Inventory to be Included in the Retail Store GOB Sale at Cost and Retail
  - B-3a.** Kmart Corporation: Inventory to be Included in the Retail Store GOB Sale at Cost and Retail
  - B-3b.** Sears Full Line Stores: Inventory to be Included in the Retail Store GOB Sale at Cost and Retail
  - B-3c.** Sears Auto Centers: Inventory to be Included in the Retail Store GOB Sale at Cost and Retail
  - B-4.** Total Company: Inventory Classifications to be Sold On A Wholesale Basis
  - B-5.** Kmart Stores: Summary of Estimated Gross Recovery Values: Tobacco & Alcohol and Non Prescription Pharmacy
  - B-6.** Estimated Net Recovery On Total Company Inventory Sold On A Wholesale Basis
  - C-1.** Total Company: Operating Metrics
  - C-1a.** Kmart Corporation: Operating Metrics
  - C-1b.** Sears Full Line Stores: Operating Metrics
  - C-1c.** Sears Auto Centers: Operating Metrics
  - C-2.** Total Company: Operating Metrics Comparison
  - C-2a.** Kmart Corporation: Operating Metrics Comparison
  - C-2b.** Sears Full Line Stores: Operating Metrics Comparison
  - C-2c.** Sears Auto Centers: Operating Metrics Comparison
- D. Total Company: Net Sales Seasonality**
  - D-1a.** Kmart Corporation: Net Sales Seasonality & Comparable Store Sales Trend
  - D-1b.** Sears Full Line Stores: Net Sales Seasonality & Comparable Store Sales Trend
  - D-1c.** Sears Auto Centers: Net Sales Seasonality & Comparable Store Sales Trend
  - D-2.** Total Company: Graph – Sales Per Store-Week and Comp. Store Sales Comparison
  - D-2a.** Kmart Corporation: Graph – Sales Per Store-Week and Comp. Store Sales Comparison
  - D-2b.** Sears Full Line Stores: Graph – Sales Per Store-Week and Comp. Store Sales Comparison
  - D-2c.** Sears Auto Centers: Graph – Sales Per Store-Week and Comp. Store Sales Comparison
- E. Total Company: Inventory History**
- F. Total Company: Inventory Forecast**

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Total Company**  
**Summary of Blended Net Recovery Values**  
**Projected for December 1, 2018 vs. October 6, 2018 (December Rollforward)**  
(\$ in 000's)

	Go-Forward Inventory			Wave 1 Inventory			Wave 2 Inventory			Total Company		
	Cost \$	NOLV		Cost \$	NOLV		Cost \$	NOLV		Cost \$	NOLV	
		NOLV \$	% of Cost		NOLV \$	% of Cost		NOLV \$	% of Cost		NOLV \$	% of Cost
Projected for December 1, 2018 (1) (2)												
GOB Inventory	\$1,533,362	\$1,358,645	88.6%	\$215,500	\$164,239	76.2%	\$57,129	\$44,960	78.7%	\$1,805,991	\$1,567,844	86.8%
Wholesale Inventory	\$101,744	\$36,921	36.3%	\$0	\$0	-	\$0	\$0	-	\$101,744	\$36,921	36.3%
Total	\$1,635,106	\$1,395,566	85.4%	\$215,500	\$164,239	76.2%	\$57,129	\$44,960	78.7%	\$1,907,735	\$1,604,766	84.1%
October 6, 2018 Appraisal (December Rollforward) (1) (2)												
GOB Inventory	\$1,561,806	\$1,382,062	88.5%	\$266,700	\$215,431	80.8%	\$78,875	\$72,484	91.9%	\$1,907,381	\$1,669,977	87.6%
Wholesale Inventory	\$110,772	\$38,985	35.2%	\$0	\$0	-	\$0	\$0	-	\$110,772	\$38,985	35.2%
Total	\$1,672,578	\$1,421,047	85.0%	\$266,700	\$215,431	80.8%	\$78,875	\$72,484	91.9%	\$2,018,153	\$1,708,962	84.7%
Change (1) (2)												
GOB Inventory	(\$28,445)	(\$23,417)	0.1%	(\$51,199)	(\$51,192)	(4.6%)	(\$21,746)	(\$27,524)	(13.2%)	(\$101,390)	(\$102,132)	(0.7%)
Wholesale Inventory	(\$9,028)	(\$2,064)	1.1%	\$0	\$0	-	\$0	\$0	-	(\$9,028)	(\$2,064)	1.1%
Total	(\$37,473)	(\$25,481)	0.4%	(\$51,199)	(\$51,192)	(4.6%)	(\$21,746)	(\$27,524)	(13.2%)	(\$110,418)	(\$104,197)	(0.6%)

**Note(s):**

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001173  
**JX 103-23**



Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation

Total Company

Summary of Blended Net Recovery Values by Store Banner or Inventory Type  
Projected for December 1, 2018 vs. October 6, 2018 (December Rollforward)  
(\$ in 000's)

	Go-Forward Inventory			Wave 1 Inventory			Wave 2 Inventory			Total Company		
	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost
<b>Projected for December 1, 2018</b>												
Kmart Stores	\$599,036	\$521,023	87.0%	\$86,816	\$59,538	68.6%	\$21,322	\$17,255	80.9%	\$707,174	\$597,816	84.5%
Sears Full Line Stores (1)	387,951	881,296	99.3%	128,694	105,369	81.9%	35,807	27,979	78.1%	1,052,442	1,014,643	96.4%
Sears Auto Centers (2)	46,375	19,387	41.8%	-	-	-	-	-	-	46,375	19,387	41.8%
Estimated Total Company GOB Net Recovery Before Other Adjustments and Corporate Expenses	\$1,533,362	\$1,421,706	92.7%	\$215,500	\$164,906	76.5%	\$57,129	\$45,234	79.2%	\$1,805,991	\$1,631,846	90.4%
Less: Royalty Payments (3)	-	4,841	0.3%	-	527	0.2%	-	154	0.3%	-	5,521	0.3%
Estimated Blended Net Recovery Before Estimated Liquidation Fees and Corporate Expenses	-	\$1,416,865	92.4%	-	\$164,379	76.3%	-	\$45,080	78.9%	-	\$1,626,325	90.1%
Less: Estimated Base Liquidation Fee (3)	-	12,600	0.8%	-	140	0.1%	-	120	0.2%	-	12,860	0.7%
Estimated Blended Net Recovery Before Corporate Expenses	-	\$1,404,265	91.6%	-	\$164,239	76.2%	-	\$44,960	78.7%	-	\$1,613,465	89.3%
Less: Corporate Expenses (3)	-	45,620	3.0%	-	-	-	-	-	-	-	45,620	2.5%
Blended Net Recovery For Combined Retail Store GOB Inventory	-	\$1,358,645	88.6%	-	\$164,239	76.2%	-	\$44,960	78.7%	-	\$1,567,844	86.8%
Add: Non-GOB Wholesale Recovery	101,744	36,921	36.3%	-	-	-	-	-	-	101,744	36,921	36.3%
<b>Total Company Blended Net Recovery (4) (5)</b>	<b>\$1,635,106</b>	<b>\$1,395,566</b>	<b>85.4%</b>	<b>\$215,500</b>	<b>\$164,239</b>	<b>76.2%</b>	<b>\$57,129</b>	<b>\$44,960</b>	<b>78.7%</b>	<b>\$1,907,735</b>	<b>\$1,604,766</b>	<b>84.1%</b>
<b>October 6, 2018 Appraisal (December Rollforward)</b>												
Kmart Stores	\$622,086	\$541,218	87.0%	\$127,437	\$93,856	73.6%	\$20,788	\$17,767	85.5%	\$770,312	\$652,841	84.8%
Sears Full Line Stores (1)	390,045	883,378	99.3%	139,262	122,332	87.8%	58,086	55,148	94.9%	1,087,393	1,060,859	97.6%
Sears Auto Centers (2)	49,676	20,786	41.8%	-	-	-	-	-	-	49,676	20,786	41.8%
Estimated Total Company GOB Net Recovery Before Other Adjustments and Corporate Expenses	\$1,561,806	\$1,445,382	92.5%	\$266,700	\$216,188	81.1%	\$78,875	\$72,916	92.4%	\$1,907,381	\$1,734,485	90.9%
Less: Royalty Payments (3)	-	3,894	0.2%	-	564	0.2%	-	194	0.2%	-	4,652	0.2%
Estimated Blended Net Recovery Before Estimated Liquidation Fees and Corporate Expenses	-	\$1,441,488	92.3%	-	\$215,624	80.8%	-	\$72,722	92.2%	-	\$1,729,833	90.7%
Less: Estimated Base Liquidation Fee (3)	-	12,600	0.8%	-	193	0.1%	-	237	0.3%	-	13,031	0.7%
Estimated Blended Net Recovery Before Corporate Expenses	-	\$1,428,888	91.5%	-	\$215,431	80.8%	-	\$72,484	91.9%	-	\$1,716,803	90.0%
Less: Corporate Expenses (3)	-	46,826	3.0%	-	-	-	-	-	-	-	46,826	2.5%
Blended Net Recovery For Combined Retail Store GOB Inventory	-	\$1,382,062	88.5%	-	\$215,431	80.8%	-	\$72,484	91.9%	-	\$1,669,977	87.6%
Add: Non-GOB Wholesale Recovery	110,772	38,985	35.2%	-	-	-	-	-	-	110,772	38,985	35.2%
<b>Total Company Blended Net Recovery (4) (5)</b>	<b>\$1,672,578</b>	<b>\$1,421,047</b>	<b>85.0%</b>	<b>\$266,700</b>	<b>\$215,431</b>	<b>80.8%</b>	<b>\$78,875</b>	<b>\$72,484</b>	<b>91.9%</b>	<b>\$2,018,153</b>	<b>\$1,708,962</b>	<b>84.7%</b>
<b>Change</b>												
Kmart Stores	(\$23,050)	(\$20,195)	(0.0%)	(\$40,621)	(\$34,318)	(5.1%)	\$533	(\$512)	(4.5%)	(\$63,138)	(\$55,025)	(0.2%)
Sears Full Line Stores (1)	(2,094)	(2,082)	(0.0%)	(10,578)	(16,964)	(6.0%)	(22,279)	(27,169)	(16.8%)	(34,951)	(46,215)	(1.2%)
Sears Auto Centers (2)	(3,301)	(1,399)	(0.0%)	-	-	-	-	-	-	(3,301)	(1,399)	(0.0%)
Estimated Total Company GOB Net Recovery Before Other Adjustments and Corporate Expenses	(\$28,445)	(\$23,676)	0.2%	(\$51,199)	(\$51,282)	(4.5%)	(\$21,746)	(\$27,682)	(13.3%)	(\$101,390)	(\$102,639)	(0.6%)
Less: Royalty Payments (3)	-	947	0.1%	-	(37)	0.0%	-	(40)	0.0%	-	870	0.1%
Estimated Blended Net Recovery Before Estimated Liquidation Fees and Corporate Expenses	-	(\$24,623)	0.1%	-	(\$51,245)	(4.6%)	-	(\$27,641)	(13.3%)	-	(\$103,509)	(0.6%)
Less: Estimated Base Liquidation Fee (3)	-	-	0.0%	-	(53)	(0.0%)	-	(117)	(0.1%)	-	(171)	0.0%
Estimated Blended Net Recovery Before Corporate Expenses	-	(\$24,623)	0.1%	-	(\$51,192)	(4.6%)	-	(\$27,524)	(13.2%)	-	(\$103,338)	(0.7%)
Less: Corporate Expenses (3)	-	(1,206)	(0.0%)	-	-	-	-	-	-	-	(1,206)	0.1%
Blended Net Recovery For Combined Retail Store GOB Inventory	-	(\$23,417)	0.1%	-	(\$51,192)	(4.6%)	-	(\$27,524)	(13.2%)	-	(\$102,132)	(0.7%)
Add: Non-GOB Wholesale Recovery	(9,028)	(2,064)	1.1%	-	-	-	-	-	-	(9,028)	(2,064)	1.1%
<b>Total Company Blended Net Recovery (4) (5)</b>	<b>(\$37,473)</b>	<b>(\$25,481)</b>	<b>0.4%</b>	<b>(\$51,199)</b>	<b>(\$51,192)</b>	<b>(4.6%)</b>	<b>(\$21,746)</b>	<b>(\$27,524)</b>	<b>(13.2%)</b>	<b>(\$110,418)</b>	<b>(\$104,197)</b>	<b>(0.6%)</b>

Notes:

- (1) For presentation purposes, Sears Full Line Stores includes Full Line Stores and Grand/Essentials Stores.
- (2) The Sears Auto Centers are a subcategory within the Kmart, Sears Full Line and Sears Grand stores and are not included in the total store count.
- (3) Total non-direct sale expenses are equal to the sum of royalty payments, base liquidation fee, and corporate expenses.
- (4) Percentages (%) and dollars (\$) may not add due to rounding.
- (5) This Exhibit should be read in conjunction with the full written report.

Exhibit A-1

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001174  
**JX 103-24**

HIGHLY CONFIDENTIAL

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Total Company  
Summary Of Total Estimated Net Recovery Values On Retail Store GOB Inventory  
Projected for December 1, 2018  
(\$ in 000s)

	Go-Forward Inventory			Wave 1 Inventory			Wave 2 Inventory			Total Company		
	Inventory at Cost	Adjusted Inv. at Retail (1)		Inventory at Cost	Adjusted Inv. at Retail (1)		Inventory at Cost	Adjusted Inv. at Retail (1)		Inventory at Cost	Adjusted Inv. at Retail (1)	
Total GOB Eligible Inventory	\$1,533,362	\$2,919,830		\$215,500	\$412,801		\$57,129	\$109,964		\$1,805,991	\$3,442,595	
	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail
Projected Combined GOB Gross Recovery	\$1,900,758	124.0%	65.1%	\$206,773	96.0%	50.1%	\$60,417	105.8%	54.9%	\$2,167,948	120.0%	63.0%
Controllable Expenses:												
Store payroll	151,097	9.9%	5.2%	12,945	6.0%	3.1%	5,186	9.1%	4.7%	169,229	9.4%	4.9%
Store payroll taxes and benefits	29,731	1.9%	1.0%	2,486	1.2%	0.6%	1,003	1.8%	0.9%	33,230	1.8%	1.0%
Incentive & retention bonus	15,110	1.0%	0.5%	1,295	0.6%	0.3%	519	0.9%	0.5%	16,923	0.9%	0.5%
Subtotal - Payroll	195,938	12.8%	6.7%	16,736	7.8%	4.1%	6,708	11.7%	6.1%	219,382	12.1%	6.4%
Advertising & promotional costs	56,329	3.7%	1.9%	2,773	1.3%	0.7%	895	1.6%	0.8%	59,996	3.3%	1.7%
Store occupancy expense	115,052	7.5%	3.9%	13,410	6.2%	3.2%	4,513	7.9%	4.1%	132,974	7.4%	3.9%
Store miscellaneous expense	13,771	0.9%	0.5%	1,390	0.6%	0.3%	702	1.2%	0.6%	15,863	0.8%	0.5%
Central Services	206	0.0%	0.0%	-	-	-	-	-	-	206	0.0%	0.0%
Merchandise transfers	41,268	2.7%	1.4%	1,151	0.5%	0.3%	-	-	-	42,420	2.3%	1.2%
Credit card fees	27,371	1.8%	0.9%	2,978	1.4%	0.7%	870	1.5%	0.8%	31,218	1.7%	0.9%
Security	8,085	0.5%	0.3%	913	0.4%	0.2%	437	0.8%	0.4%	9,435	0.5%	0.3%
Inventory insurance	2,433	0.2%	0.1%	-	-	-	-	-	-	2,433	0.1%	0.1%
Independent inventory costs (2)	1,217	0.1%	0.0%	-	-	-	-	-	-	1,217	0.1%	0.0%
Subtotal - Other Operating	94,351	6.2%	3.2%	6,431	3.0%	1.6%	2,009	3.5%	1.8%	102,792	5.7%	3.0%
On-site supervision	17,383	1.1%	0.6%	2,517	1.2%	0.6%	1,058	1.9%	1.0%	20,959	1.2%	0.6%
Total Combined Direct Sale Expenses (3)	479,052	31.2%	16.4%	41,867	19.4%	10.1%	15,183	26.6%	13.8%	536,102	29.7%	15.6%
Estimated Total Company GOB Net Recovery Before Other Adjustments and Corporate Expenses	\$1,421,706	92.7%	48.7%	\$164,906	76.5%	39.9%	\$45,234	79.2%	41.1%	\$1,631,846	90.4%	47.4%
Less: Other Adjustments												
Redemption Of Gift Certificates/Cash Cards (4)	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Payments (5)	4,841	0.3%	0.2%	527	0.2%	0.1%	154	0.3%	0.1%	5,521	0.3%	0.2%
Total Other Adjustments	4,841	0.3%	0.2%	527	0.2%	0.1%	154	0.3%	0.1%	5,521	0.3%	0.2%
Estimated Blended Net Recovery Before Estimated Liquidation Fees and Corporate Expenses	\$1,416,865	92.4%	48.5%	\$164,379	76.3%	39.8%	\$45,080	78.9%	41.0%	\$1,626,325	90.1%	47.2%
Less: Estimated Base Liquidation Fee (6)	12,600	0.8%	0.4%	140	0.1%	0.0%	120	0.2%	0.1%	12,860	0.7%	0.4%
Estimated Blended Net Recovery Before Corporate Expenses	\$1,404,265	91.6%	48.1%	\$164,239	76.2%	39.8%	\$44,960	78.7%	40.9%	\$1,613,465	89.3%	46.9%
Less: Corporate Expenses												
Corporate Occupancy	9,875	0.6%	0.3%	-	-	-	-	-	-	9,875	0.5%	0.3%
Corporate Overhead	24,607	1.6%	0.8%	-	-	-	-	-	-	24,607	1.4%	0.7%
Other Closing Costs	11,138	0.7%	0.4%	-	-	-	-	-	-	11,138	0.6%	0.3%
Total Corporate Expenses (3)	45,620	3.0%	1.6%	-	-	-	-	-	-	45,620	2.5%	1.3%
Blended Net Recovery For Combined Retail Store GOB Inventory (7) (8)	\$1,358,645	88.6%	46.5%	\$164,239	76.2%	39.8%	\$44,960	78.7%	40.9%	\$1,567,844	86.8%	45.5%

Notes:

(1) Computed retail value supplied by or based on Company-supplied sales and margin information.

(2) Assumes 20% of stores would be counted.

(3) Corporate and direct sale expenses are estimated for the GOB period only.

(4) Gift certificates / cash cards are not deducted as an expense as they are reserved for in the Company's borrowing base.

(5) Royalty payments are paid based upon sales of Adam Levine, Bongo, Cannon, Everlast, Jaclyn Smith, Joe Boxer, Outdoor Life, and Route 66 merchandise.

(6) Base liquidation fee is calculated at \$25,000 per store for go-forward locations before any potential incentive fee or sharing based on recovery. Wave 1 and Wave 2 liquidation fee is calculated according to the existing Abacus Liquidation Agreement.

(7) Percentages (%) and dollars (\$) may not add due to rounding.

(8) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001175  
JX 103-25



HIGHLY CONFIDENTIAL

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Kmart Corporation  
Summary Of Estimated Net Recovery Values On Retail Store GOB Inventory  
Projected for December 1, 2018  
(\$ in 000s)

	Go-Forward Inventory			Wave 1 Inventory			Wave 2 Inventory			Total		
	Inventory at Cost	Inventory at Retail		Inventory at Cost	Inventory at Retail		Inventory at Cost	Inventory at Retail		Inventory at Cost	Inventory at Retail	
<b>Inventory</b>												
Retail Inventory	\$601,106	\$1,371,828		\$86,567	\$197,561		\$21,261	\$48,520		\$708,934	\$1,617,909	
<b>Less: Adjustments</b>												
Adjustments For Markdowns At Retail Only	N/A	(330,106)		N/A	(47,837)		N/A	(11,749)		N/A	(389,692)	
Return To Vendor Goods/Damages	(3,790)	(8,620)		-	-		-	-		(3,790)	(8,620)	
Total Adjustments	(3,790)	(338,726)		-	(47,837)		-	(11,749)		(3,790)	(398,312)	
<b>Net Retail Eligible Inventory</b>	<b>\$597,317</b>	<b>\$1,033,102</b>		<b>\$86,567</b>	<b>\$149,724</b>		<b>\$21,261</b>	<b>\$36,772</b>		<b>\$705,144</b>	<b>\$1,219,597</b>	
Non Prescription Pharmacy, Tobacco & Alcohol (1)	1,720	2,165		249	314		61	77		2,030	2,556	
<b>Total Adjusted Inv. At Retail</b>	<b>\$599,036</b>	<b>\$1,035,267</b>		<b>\$86,816</b>	<b>\$150,038</b>		<b>\$21,322</b>	<b>\$36,849</b>		<b>\$707,174</b>	<b>\$1,222,154</b>	
	<b>Total \$</b>	<b>% of Elig. Inv. at Cost</b>	<b>% of Elig. Inv. at Retail</b>	<b>Total \$</b>	<b>% of Elig. Inv. at Cost</b>	<b>% of Elig. Inv. at Retail</b>	<b>Total \$</b>	<b>% of Elig. Inv. at Cost</b>	<b>% of Elig. Inv. at Retail</b>	<b>Total \$</b>	<b>% of Elig. Inv. at Cost</b>	<b>% of Elig. Inv. at Retail</b>
<b>Estimated Gross Recovery</b>												
Retail Inventory	\$692,178	115.9%	67.0%	\$75,006	86.6%	50.1%	\$22,784	107.2%	62.0%	\$789,968	112.0%	64.8%
Non Prescription Pharmacy, Tobacco & Alcohol	1,728	100.5%	79.8%	187	75.1%	59.7%	57	92.9%	73.8%	1,972	97.1%	77.1%
<b>Total Blended Projected Gross Recovery</b>	<b>\$693,906</b>	<b>115.8%</b>	<b>67.0%</b>	<b>\$75,193</b>	<b>86.6%</b>	<b>50.1%</b>	<b>\$22,841</b>	<b>107.1%</b>	<b>62.0%</b>	<b>\$791,940</b>	<b>112.0%</b>	<b>64.8%</b>
<b>Controllable Expenses: (2)</b>												
Store payroll	53,465	8.9%	5.2%	5,475	6.3%	3.6%	2,041	9.6%	5.5%	60,981	8.6%	5.0%
Store payroll taxes and benefits	9,624	1.6%	0.9%	986	1.1%	0.7%	367	1.7%	1.0%	10,977	1.6%	0.9%
Incentive & retention bonus	5,347	0.9%	0.5%	548	0.6%	0.4%	204	1.0%	0.6%	6,098	0.9%	0.5%
Subtotal - Payroll	68,436	11.4%	6.6%	7,009	8.1%	4.7%	2,612	12.3%	7.1%	78,056	11.0%	6.4%
Advertising & promotional costs	20,123	3.4%	1.9%	1,128	1.3%	0.8%	331	1.6%	0.9%	21,582	3.1%	1.8%
Store occupancy expense	43,401	7.2%	4.2%	4,429	5.1%	3.0%	1,656	7.8%	4.5%	49,486	7.0%	4.0%
Store miscellaneous expense	4,543	0.8%	0.4%	598	0.7%	0.4%	173	0.8%	0.5%	5,315	0.8%	0.4%
Warehouse and distribution expenses	13,520	2.3%	1.3%	-	-	-	-	-	-	13,520	1.9%	1.1%
Credit card fees	9,992	1.7%	1.0%	1,083	1.2%	0.7%	329	1.5%	0.9%	11,404	1.6%	0.9%
Security	3,150	0.5%	0.3%	418	0.5%	0.3%	120	0.6%	0.3%	3,688	0.5%	0.3%
Inventory insurance	863	0.1%	0.1%	-	-	-	-	-	-	863	0.1%	0.1%
Independent inventory costs (3)	456	0.1%	0.0%	-	-	-	-	-	-	456	0.1%	0.0%
Subtotal - Other Operating	32,523	5.4%	3.1%	2,099	2.4%	1.4%	623	2.9%	1.7%	35,245	5.0%	2.9%
On-site supervision	8,401	1.4%	0.8%	991	1.1%	0.7%	364	1.7%	1.0%	9,755	1.4%	0.8%
<b>Total Direct Sale Expenses</b>	<b>172,883</b>	<b>28.9%</b>	<b>16.7%</b>	<b>15,655</b>	<b>18.0%</b>	<b>10.4%</b>	<b>5,586</b>	<b>26.2%</b>	<b>15.2%</b>	<b>194,124</b>	<b>27.5%</b>	<b>15.9%</b>
<b>Estimated Net Recovery Before Other Adjustments and Non-Direct Sale Expenses (4) (5)</b>	<b>\$521,023</b>	<b>87.0%</b>	<b>50.3%</b>	<b>\$59,538</b>	<b>68.6%</b>	<b>39.7%</b>	<b>\$17,255</b>	<b>80.9%</b>	<b>46.8%</b>	<b>\$597,816</b>	<b>84.5%</b>	<b>48.9%</b>

Note(s):

- (1) Computed retail value based on Company-supplied sales and margin information.
- (2) Projected expenses based on Company-supplied information.
- (3) Assumes 20% of stores would be counted.
- (4) Percentages (%) and dollars (\$) may not add due to rounding.
- (5) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001176  
JX 103-26

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation

Sears Full Line Stores

Summary Of Estimated Net Recovery Values On Retail Store GOB Inventory

Projected for December 1, 2018

(\$ in 000s)

	Go-Forward Stores			Wave 1 Inventory			Wave 2 Inventory			Total		
	Inventory at Cost	Inventory at Retail (1)		Inventory at Cost	Inventory at Retail (1)		Inventory at Cost	Inventory at Retail (1)		Inventory at Cost	Inventory at Retail (1)	
Total Inventory	\$890,038	\$2,395,186		\$128,684	\$346,302		\$35,807	\$96,360		\$1,054,529	\$2,837,848	
Less: Adjustments												
Adjustments For Markdowns At Retail Only	N/A	(577,792)		N/A	(83,539)		N/A	(23,245)		N/A	(684,576)	
Return To Vendor Goods/Damages	(2,087)	(6,023)		-	-		-	-		(2,087)	(6,023)	
Total Adjustments	(2,087)	(583,815)		-	(83,539)		-	(23,245)		(2,087)	(690,598)	
Total Eligible Inventory	\$887,951	\$1,811,371		\$128,684	\$262,763		\$35,807	\$73,115		\$1,052,442	\$2,147,250	
	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail	Total \$	% of Elig. Inv. at Cost	% of Elig. Inv. at Retail
Projected Gross Recovery	\$1,159,278	130.6%	64.0%	\$131,580	102.3%	50.1%	\$37,576	104.9%	51.4%	\$1,328,434	126.2%	61.9%
Controllable Expenses: (2)												
Store payroll	81,350	9.2%	4.5%	7,470	5.8%	2.8%	3,146	8.8%	4.3%	91,966	8.7%	4.3%
Store payroll taxes and benefits	16,444	1.9%	0.9%	1,510	1.2%	0.6%	636	1.8%	0.9%	18,590	1.8%	0.9%
Incentive & retention bonus	8,135	0.9%	0.4%	747	0.6%	0.3%	315	0.9%	0.4%	9,197	0.9%	0.4%
Subtotal - Payroll	105,929	11.9%	5.8%	9,727	7.6%	3.7%	4,096	11.4%	5.6%	119,752	11.4%	5.6%
Advertising & promotional costs	34,778	3.9%	1.9%	1,645	1.3%	0.6%	564	1.6%	0.8%	36,987	3.5%	1.7%
Store occupancy expense	68,995	7.8%	3.8%	8,982	7.0%	3.4%	2,856	8.0%	3.9%	80,833	7.7%	3.8%
Store miscellaneous expense	8,232	0.9%	0.5%	791	0.6%	0.3%	529	1.5%	0.7%	9,551	0.9%	0.4%
Warehouse and distribution expenses (3)	27,202	3.1%	1.5%	1,151	0.9%	0.4%	-	-	-	28,353	2.7%	1.3%
Credit card fees	16,694	1.9%	0.9%	1,895	1.5%	0.7%	541	1.5%	0.7%	19,129	1.8%	0.9%
Security	4,936	0.6%	0.3%	495	0.4%	0.2%	317	0.9%	0.4%	5,747	0.5%	0.3%
Inventory insurance	1,509	0.2%	0.1%	-	-	-	-	-	-	1,509	0.1%	0.1%
Independent inventory costs (4)	725	0.1%	0.0%	-	-	-	-	-	-	725	0.1%	0.0%
Subtotal - Other Operating	59,296	6.7%	3.3%	4,332	3.4%	1.6%	1,387	3.9%	1.9%	65,015	6.2%	3.0%
On-site supervision	8,983	1.0%	0.5%	1,526	1.2%	0.6%	695	1.9%	0.9%	11,204	1.1%	0.5%
Total Direct Sale Expenses	277,981	31.3%	15.3%	26,212	20.4%	10.0%	9,597	26.8%	13.1%	313,791	29.8%	14.6%
Estimated Net Recovery Before Other Adjustments and Non-Direct Sale Expenses (5) (6)	\$881,296	99.3%	48.7%	\$105,368	81.9%	40.1%	\$27,979	78.1%	38.3%	\$1,014,643	96.4%	47.3%

Notes(s):

- (1) Markup supplied by the Company.
- (2) Projected expenses based on Company-supplied information.
- (3) Sears warehouse and distribution expenses for all banners are included in Sears Full Line Stores expenses.
- (4) Assumes 20% of stores would be counted.
- (5) Percentages (%) and dollars (\$) may not add due to rounding.
- (6) This Exhibit should be read in conjunction with the full written report.

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001177  
JX 103-27



**Sears Holdings Corporation**

**Sears Auto Centers**

**Summary Of Estimated Net Recovery Values On Retail Store GOB Inventory**

**Projected for December 1, 2018**

(\$ in 000s)

	<b>Inventory at Cost</b>	<b>Inventory at Retail</b>
<b>Total Inventory</b>	<b>\$46,375</b>	<b>\$87,093</b>
Less: Adjustments	-	(13,902)
<b>Total Eligible Inventory</b>	<b>\$46,375</b>	<b>\$73,191</b>

	<b>Total \$</b>	<b>% of Elig. Inv. at Cost</b>	<b>% of Elig. Inv. at Retail</b>
<b>Projected Gross Recovery (1)</b>	<b>\$47,574</b>	<b>102.6%</b>	<b>65.0%</b>

**Controllable Expenses: (2)**

Store payroll	16,282	35.1%	22.2%
Store payroll taxes and benefits	3,663	7.9%	5.0%
Incentive & retention bonus	1,628	3.5%	2.2%
Subtotal - Payroll	21,574	46.5%	29.5%
Advertising & promotional costs	1,427	3.1%	2.0%
Store occupancy expense	2,655	5.7%	3.6%
Store miscellaneous expense	996	2.1%	1.4%
Central Services	206	0.4%	0.3%
Merchandise transfers	547	1.2%	0.7%
Credit card fees	685	1.5%	0.9%
Inventory insurance	61	0.1%	0.1%
Independent inventory costs (3)	37	0.1%	0.1%
Subtotal - Other Operating	2,532	5.5%	3.5%
On-site supervision (4)	-	-	-
<b>Total Direct Sale Expenses</b>	<b>28,188</b>	<b>60.8%</b>	<b>38.5%</b>

**Estimated Net Recovery Before Other Adjustments  
and Non-Direct Sale Expenses (5) (6)**

<b>\$19,387</b>	<b>41.8%</b>	<b>26.5%</b>
-----------------	--------------	--------------

Note(s):

- (1) Does not include revenue associated with service or installation.
- (2) Projected expenses based on Company-supplied information.
- (3) Assumes 20% of stores would be counted.
- (4) On-site supervision is included in Sears Full Line Stores (Exhibit A-2b).
- (5) Percentages (%) and dollars (\$) may not add due to rounding.
- (6) This Exhibit should be read in conjunction with the full written report.

HIGHLY CONFIDENTIAL

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Total Company  
3 Month Liquidation Summary  
Projected for the 3 Months Ending February 2019  
(\$ in 000s)

Month	Monthly Pro Forma (1) (2) (3) (4)																										Total Company			
	Go-Forward Inventory												Wave 1 Closings								Wave 2 Closings									
	Kmart Corporation		Sears Full Line Stores		Sears Auto Centers		Wholesale Inventory		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense			Total		
	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost		Inv. at Cost	NOLV % of Cost	
December 2018	\$599,036	87.0%	\$887,951	99.3%	\$46,375	41.8%	\$107,744	36.3%	\$63,061	3.9%	\$1,635,106	85.4%	\$86,816	68.6%	\$128,684	81.9%	\$667	0.3%	\$215,500	76.2%	\$71,322	80.9%	\$35,807	78.1%	\$274	0.3%	\$57,129	78.7%	\$1,907,735	84.1%
January	\$32,083	83.5%	\$90,966	95.9%	\$9,416	40.7%	\$100,473	35.3%	\$3,345	4.3%	\$1,462,937	81.4%	N/A	N/A	N/A	N/A	N/A	N/A	\$14,401	27.2%	\$17,258	32.0%	74	0.2%	\$1,659	29.6%	\$1,494,597	80.3%		
February 2019	\$56,116	85.1%	\$12,774	97.2%	\$6,100	38.2%	\$100,031	35.5%	\$2,659	4.2%	\$1,505,021	83.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,505,021	83.0%		
Weighted Avg.	\$562,412	85.2%	\$830,564	97.5%	\$40,630	40.4%	\$100,749	35.7%	\$62,022	4.1%	\$1,534,255	83.3%	\$86,816	68.6%	\$128,684	81.9%	\$667	0.3%	\$215,500	76.2%	\$17,862	59.3%	\$26,533	63.1%	\$174	0.4%	\$44,394	61.2%	\$1,635,784	82.6%

Month	Previous Appraisal (1) (2) (5)																										Total Company			
	Go-Forward Inventory												Wave 1 Closings								Wave 2 Closings									
	Kmart Corporation		Sears Full Line Stores		Sears Auto Centers		Wholesale Inventory		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense			Total		
	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost		Inv. at Cost	NOLV % of Cost	
December 2018	\$622,086	87.0%	\$890,045	99.3%	\$49,676	41.8%	\$110,772	35.2%	\$63,320	3.8%	\$1,672,378	85.0%	\$127,437	73.6%	\$139,262	87.8%	\$757	0.3%	\$706,700	80.8%	\$70,788	85.5%	\$58,086	94.9%	\$431	0.5%	\$78,875	91.9%	\$2,018,153	84.7%
January	\$49,512	83.5%	\$99,561	95.9%	\$1,194	40.7%	\$112,571	36.7%	\$3,820	4.2%	\$1,501,748	81.2%	\$5,327	44.8%	\$8,708	47.8%	\$77	0.3%	\$14,085	46.2%	\$13,796	67.1%	\$2,123	77.4%	\$59	0.5%	\$5,419	74.4%	\$1,671,201	78.8%
February 2019	\$63,056	85.1%	\$13,558	97.2%	\$2,850	38.2%	\$126,532	39.9%	\$1,165	3.5%	\$2,306,996	84.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2,306,996	84.4%		
Weighted Avg.	\$678,218	85.2%	\$981,721	97.5%	\$51,210	40.1%	\$116,625	37.4%	\$69,348	3.8%	\$1,827,774	83.7%	\$51,382	64.9%	\$58,985	76.0%	\$492	0.3%	\$190,367	70.4%	\$17,042	78.3%	\$50,105	87.0%	\$345	0.5%	\$67,147	84.7%	\$1,999,450	82.9%

Month	Change (1) (2)																										Total Company		
	Go-Forward Inventory												Wave 1 Closings								Wave 2 Closings								
	Kmart Corporation		Sears Full Line Stores		Sears Auto Centers		Wholesale Inventory		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense		Total		Kmart Corporation		Sears Full Line		Non-Direct Expense			Total	
	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost	Inv. at Cost	NOLV % of Cost	Inv. at Cost	NOLV % of Cost	Expense \$	% of Cost		Inv. at Cost	NOLV % of Cost
December 2018	(\$73,050)	(0.0%)	(\$7,094)	(0.0%)	(\$3,301)	(0.0%)	(\$9,028)	1.1%	(\$259)	0.1%	(\$37,473)	0.4%	(\$40,621)	(5.1%)	(\$10,578)	(6.0%)	(\$91)	0.0%	(\$57,199)	(4.6%)	\$533	(4.5%)	(\$22,779)	(16.8%)	(\$158)	(0.1%)	(\$21,746)	(13.2%)	
January	(17,429)	(0.0%)	(7,595)	(0.0%)	(1,688)	(0.0%)	(12,050)	(1.3%)	(775)	0.1%	(38,810)	0.2%	N/A	N/A	N/A	N/A	N/A	N/A	(1,106)	(39.9%)	(24,865)	(45.4%)	(186)	(0.2%)	(23,759)	(44.8%)			
February 2019	(306,940)	(0.0%)	(443,784)	(0.0%)	(26,750)	(0.0%)	(26,500)	(4.4%)	(18,446)	0.7%	(803,975)	(1.4%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Weighted Avg.	(\$115,806)	0.0%	(\$151,157)	0.0%	(\$10,580)	0.3%	(\$15,875)	(1.7%)	(\$6,328)	0.3%	(\$293,419)	(0.4%)	(\$4,566)	3.7%	\$29,689	5.8%	\$174	0.1%	\$25,133	5.8%	\$819	(19.0%)	(\$23,572)	(24.4%)	(\$172)	(0.1%)	(\$22,753)	(23.5%)	

Notes:  
(1) Percentages (%) and dollars (\$) may not add due to rounding.  
(2) This Exhibit should be read in conjunction with the full written report.  
(3) Wave 1 represents 65 Kmart stores and 77 Sears Full Line stores closing from October 25, 2018 to December 30, 2018.  
(4) Wave 2 represents 11 Kmart stores and 29 Sears Full Line stores closing from November 16, 2018 to January 20, 2019.  
(5) The previous appraisal figures for the months of December and January are from Tiger's appraisal issued on November 16, 2018. The previous appraisal figures for the month of February is from Tiger's appraisal issued on September 28, 2018.



**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Go Forward Inventory**  
**Projected 3 Month Liquidation Analysis**  
(\$ in 000s)

Month Beginning		Dec 2018	Jan 2019	Feb 2019
GOB Inventory at Cost	(1)	\$1,533,362	\$1,362,465	\$1,404,990
Wholesale Inventory at Cost	(1)	101,744	100,473	100,031
<b>Total at Cost</b>		<b>1,635,106</b>	<b>1,462,937</b>	<b>1,505,021</b>
Gross Recovery GOB	(2)	1,900,758	1,689,442	1,742,351
Gross Recovery Wholesale	(3)	36,921	35,512	35,493
<b>Total Gross Recovery</b>		<b>1,937,679</b>	<b>1,724,955</b>	<b>1,777,844</b>
Less: Total Combined Direct Sale Expenses	(4)	479,052	470,502	465,757
<b>Estimated Total Company Net Recovery Before Other</b>				
Adjustments and Corporate Expenses		1,458,627	1,254,453	1,312,087
Less: Total Other Adjustments (Royalties)		4,841	4,303	4,437
Less: Estimated Base Liquidation Fee	(5)	12,600	12,600	12,600
<b>Estimated Blended Net Recovery Before</b>				
Corporate Expenses		1,441,186	1,237,550	1,295,050
Less: Corporate Expenses	(4)	45,620	46,443	45,621
<b>Total Company Blended Net Recovery</b>	<b>(6)(7)</b>	<b>\$1,395,566</b>	<b>\$1,191,108</b>	<b>\$1,249,429</b>
<b>Total Company Blended Net Recovery (% of Cost)</b>	<b>(7)(8)</b>	<b>85.4%</b>	<b>81.4%</b>	<b>83.0%</b>

Note(s):

- (1) Based upon Company projected inventory information.
- (2) Based on GOLVs by Banner as estimated in Tiger Valuation's November 3, 2018 analysis.
- (3) Based on the Company projected inventory mix (See Exhibit F).
- (4) Based upon November 3, 2018 estimated expenses.
- (5) Based on \$25,000 minimum fee per store.
- (6) Any change in inventory mix, mark-up or levels would have a material effect on projected net recoveries.
- (7) Percentages (%) and dollars (\$) may not add due to rounding.
- (8) This Exhibit should be read in conjunction with the full written report.

Exhibit A-3a

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001180

**JX 103-30**

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Store Closing Summary**  
Wave 1  
(\$ in 000s)

		Weekly Pro Forma (1) (2)														
Week	Date Range	Kmart Corporation					Sears Full Line Stores					Non-Direct Expense for Sale Starting Each Week		Total Company		
		Inventory at Cost by Location			NOLV for Sale Starting Each Week		Inventory at Cost by Location			NOLV for Sale Starting Each Week				Inv. at Cost	NOLV for Sale Starting Each Week	
		Store	Warehouse	Total	NOLV \$	% of Cost	Store	Warehouse	Total	NOLV \$	% of Cost	Exp \$	% of Cost		NOLV \$	% of Cost
Week 6	12/01 - 12/07	\$86,816	\$0	\$86,816	\$59,538	68.6%	\$119,244	\$9,440	\$128,684	\$105,368	81.9%	\$667	0.3%	\$215,500	\$164,239	76.2%
Week 7	12/08 - 12/14	73,946	-	73,946	44,959	60.8%	110,621	2,360	112,981	84,307	74.6%	517	0.3%	186,927	128,749	68.9%
Week 8	12/15 - 12/21	59,695	-	59,695	30,743	51.5%	86,526	-	86,526	54,888	63.4%	348	0.2%	146,220	85,284	58.3%
Week 9	12/22 - 12/28	42,276	-	42,276	16,528	39.1%	50,722	-	50,722	27,070	53.4%	184	0.2%	92,998	43,414	46.7%
Week 10	12/29 - 12/30	12,573	-	12,573	3,230	25.7%	15,913	-	15,913	4,742	29.8%	37	0.1%	28,486	7,936	27.9%
Weighted Avg.		\$55,061	\$0	\$55,061	\$31,000	56.3%	\$76,605	\$2,360	\$78,965	\$55,275	70.0%	\$350	0.3%	\$134,026	\$85,924	64.1%

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001181  
**JX 103-31**



HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation  
Store Closing Summary**

Wave 2  
(\$ in 000s)

Week	Date Range	Weekly Pro Forma (1) (2)										
		Kmart Corporation			Sears Full Line Stores			Non-Direct Expense for Sale Starting Each Week		Total Company		
		Inv. at Cost	NOLV for Sale Starting Each Week		Inv. at Cost	NOLV for Sale Starting Each Week		Exp \$	% of Cost	Inv. at Cost	NOLV for Sale Starting Each Week	
			NOLV \$	% of Cost		NOLV \$	% of Cost				NOLV \$	% of Cost
Week 3	12/01 - 12/07	\$21,322	\$17,255	80.9%	\$35,807	\$27,979	78.1%	\$274	0.5%	\$57,129	\$44,960	78.7%
Week 4	12/08 - 12/14	20,075	14,862	74.0%	33,259	24,096	72.4%	236	0.4%	53,335	38,721	72.6%
Week 5	12/15 - 12/21	18,788	12,401	66.0%	30,222	20,101	66.5%	198	0.4%	49,009	32,304	65.9%
Week 6	12/22 - 12/28	17,436	9,783	56.1%	26,931	15,672	58.2%	158	0.4%	44,367	25,297	57.0%
Week 7	12/29 - 01/04	16,020	7,008	43.7%	22,743	10,810	47.5%	117	0.3%	38,763	17,701	45.7%
Week 8	01/05 - 01/11	14,401	3,917	27.2%	17,258	5,514	32.0%	74	0.2%	31,659	9,357	29.6%
Week 9	01/12 - 01/18	9,430	1,842	19.5%	11,860	2,455	20.7%	39	0.2%	21,290	4,258	20.0%
Week 10	01/19 - 01/20	2,610	257	9.9%	5,180	319	6.2%	8	0.1%	7,790	568	7.3%
<b>Weighted Avg.</b>		<b>\$15,010</b>	<b>\$8,416</b>	<b>56.1%</b>	<b>\$22,908</b>	<b>\$13,368</b>	<b>58.4%</b>	<b>\$138</b>	<b>0.4%</b>	<b>\$37,918</b>	<b>\$21,646</b>	<b>57.1%</b>

Note(s):

- (1) Percentages (%) and dollars (\$) may not add due to rounding.  
(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001182  
**JX 103-32**

**Sears Holdings Corporation**

**Total Company**

**Inventory Reconciliation**

**As of November 3, 2018**

(\$ in 000's)

Classification	Borrowing Base Certificate	Tiger Valuation's Analysis	Variance
Inventory per Stock Ledger	\$2,345,235	\$2,448,782	\$103,547
Home Services	112,812	-	(112,812)
<b>Total Stock Ledger (1)</b>	<b>\$2,458,047</b>	<b>\$2,448,782</b>	<b>(\$9,265)</b>
<b>Less Ineligible Inventory:</b>			
Consigned Inventory	12,028	2,200	-
Store Closure Sale inventory in excess of four weeks	20,768	-	(20,768)
Store Closure Inventory	239,000	-	(239,000)
Inventory paid for in advance of shipment	75,658	73,059	(2,599)
Live plants, nursery, floral	1,066	-	(1,066)
Restaurant	230	-	(230)
Readers Market	1,360	-	(1,360)
50% Home Services	56,406	55,619	(787)
Inventory at stores already in process of closing	-	54,052	54,052
Other (1)	-	(1,355)	(1,355)
<b>Ineligible Inventory</b>	<b>\$406,517</b>	<b>\$183,575</b>	<b>(\$213,113)</b>
<b>Less Inventory Reserves:</b>			
In-Transit Reserve	106,197	105,790	(407)
<b>Inventory Reserves</b>	<b>\$106,197</b>	<b>\$105,790</b>	<b>(\$407)</b>
Add: SRAC L/C's (net of 2.73% reserve)	8,144	-	(8,144)
<b>Net Eligible Inventory (2) (3)</b>	<b>\$1,953,477</b>	<b>\$2,159,416</b>	<b>\$205,940</b>

Note(s):

(1) Variance is due to the exclusion of accounting adjustments in the beginning borrowing base inventory.

Tiger Valuation incorporated this adjustment into other ineligible inventory.

(2) Dollars (\$) may not add due to rounding.

(3) This Exhibit should be read in conjunction with the full written report.



**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Total Company**  
**Stock Ledger Inventory at Cost**  
**As of November 3, 2018**  
(\$ in 000's)

Classification	Kmart Cost \$	Sears Cost \$	Total Cost \$
<b>Total Stock Ledger (1)</b>	\$982,700	\$1,475,347	\$2,458,047
SRAC L/C on Trailer Inventory	24	52	76
Inventory Reserve	123	268	391
<b>Total Adjusted Stock Ledger</b>	<b>982,846</b>	<b>1,475,667</b>	<b>2,458,514</b>
<b>Inventory Reclassification:</b>			
Reclassifications	2,679	(2,679)	-
<b>Inventory at Stores Already in Process of Closing:</b>	<b>(14,635)</b>	<b>(39,417)</b>	<b>(54,052)</b>
<b>Less: Excluded Inventory</b>			
Unshipped Merchandise	-	73,059	73,059
Consignment Inventory	2,200	-	2,200
50% Home Services	-	55,619	55,619
Accounting & Miscellaneous Adjustments	-	8,377	8,377
<b>Total Excluded Inventory</b>	<b>2,200</b>	<b>137,055</b>	<b>139,255</b>
<b>Stock Ledger Net of Exclusions</b>	<b>963,333</b>	<b>\$1,301,874</b>	<b>\$2,265,207</b>
<b>Less: Inventory not to be Included in Retail Store GOB</b>			
Ocean In-Transit Inventory (See additional recoveries)	\$28,728	\$77,062	\$105,790
<b>Inventory Classifications to be Sold On A Wholesale Basis</b>			
Repair Parts (Exhibit B-4) (2)	-	52,124	52,124
Sears Home Improvement (Exhibit B-4) (2)	-	3,495	3,495
Prescription Pharmacy Inventory (Exhibit B-4) (2)(3)	30,603	-	30,603
Commercial Sales (Builders Distributors) (Exhibit B-4) (2)	-	20,698	20,698
RTV/Damages (Exhibit B-4) (2)	3,112	1,714	4,826
Restaurant Inventory (Exhibit B-4) (2)	230	-	230
<b>Subtotal: Inventory Classifications to be Sold On A Wholesale Basis (Exhibit B-4)</b>	<b>33,945</b>	<b>78,031</b>	<b>111,977</b>
<b>Inventory Not Included in Retail Store GOB</b>	<b>62,674</b>	<b>155,093</b>	<b>217,767</b>
<b>Total Adjusted Inventory To Be Included In Retail Store GOB's (4) (5)</b>	<b>\$900,659</b>	<b>\$1,146,780</b>	<b>\$2,047,440</b>

Note(s):

- (1) Stock Ledger inventory excludes Lands' End merchandise.  
(2) Inventory to be sold on a wholesale basis (Exhibit B-4 & B-6).  
(3) Will be sold with prescription lists.  
(4) Percentages (%) and dollars (\$) may not add due to rounding.  
(5) This Exhibit should be read in conjunction with the full written report.

Exhibit B-1

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001184

**JX 103-34**

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Total Company**

**Inventory to be Included in the Retail Store GOB Sale at Cost and Retail**

Projected for December 1, 2018

(\$ in 000's)

Classification	Store Count	686 Stores						
		Cost (1) (2) \$	MU (3) %	Retail (2) (4) \$	Retail Markdown (5) \$	Adjusted Retail \$	% To Total Inv. %	Avg. Retail Inv. Per Store \$
<u>Go-Forward Inventory</u>								
Kmart Stores (6)	239	\$599,036	56.1%	\$1,365,374	\$330,106	\$1,035,267	30.1%	\$5,713
Sears Full Line Stores (7)(8)	265	887,951	62.8%	2,389,163	577,792	1,811,371	52.6%	9,016
Sears Auto Centers (9)(10)	328	46,375	46.8%	87,093	13,902	73,191	2.1%	266
Total Go-Forward Inventory	832	\$1,533,362	60.1%	\$3,841,630	\$921,800	\$2,919,830	84.8%	\$4,617
<u>Wave 1 Inventory</u>								
Kmart Stores	65	86,816	56.1%	\$197,874	\$47,837	\$150,038	4.4%	\$3,044
Sears Full Line Stores	77	128,684	62.8%	346,302	83,539	262,763	7.6%	4,497
Total Wave 1 Inventory	142	\$215,500	60.4%	\$544,177	\$131,376	\$412,801	12.0%	\$3,832
<u>Wave 2 Inventory</u>								
Kmart Stores	11	21,322	56.1%	\$48,597	\$11,749	\$36,849	1.1%	\$4,418
Sears Full Line Stores	29	35,807	62.8%	96,360	23,245	73,115	2.1%	3,323
Total Wave 2 Inventory	40	\$57,129	60.6%	\$144,958	\$34,994	\$109,964	3.2%	\$3,624
Total Adjusted Inventory to be								
Included in Retail Store GOB's (11) (12)	686	\$1,805,991	60.1%	\$4,530,764	\$1,088,169	\$3,442,595	100.0%	\$4,468

**Note(s):**

- (1) Adjusted stock ledger cost represents cost value of inventory to be included in the retail store GOB.
- (2) Excludes damages / RTV merchandise.
- (3) Markup (MU) supplied by Company.
- (4) Includes some computed retail based upon Company-supplied sales and margin information.
- (5) To capture unknown damages, excess shrink, and to more properly reflect actual selling prices, a markdown was applied to the original retail as supplied by the Company.
- (6) For presentation purposes, all Kmart DC inventory is included in the Kmart stores.
- (7) For presentation purposes, all Sears DC inventory (except tires) is included in the Full Line stores.
- (8) For presentation purposes, Sears Full Line Stores includes 366 Full Line Stores and 5 Grand/Essentials Stores.
- (9) For presentation purposes, all Sears DC tire inventory is included in the Sears Auto Centers.
- (10) The 328 Sears Auto Centers are a subcategory within the Kmart, Sears Full Line and Sears Grand stores and are not included in the total store count.
- (11) Percentages (%) and dollars (\$) may not add due to rounding.
- (12) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001185  
JX 103-35



**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation  
Kmart Corporation (332 Stores)**  
Inventory to be Included in the Retail Store GOB Sale at Cost and Retail  
As of November 3, 2018  
(\$ in 000's)

Classification	Inventory at Cost			MU (2) %	Inventory at Retail		
	Store \$ (\$)	DC \$ (\$)	Total \$		Store \$ (\$)	DC \$ (\$)	Total \$
<b>Home</b>							
Household Goods	575,296	535,742	5114,037	58.3%	5166,332	594,388	\$260,720
Outdoor Living	1,828	-	1,828	56.6%	4,214	-	4,214
Lawn & Garden	5,271	1,517	7,788	43.5%	10,915	2,426	13,743
<b>Total Home</b>	<b>89,394</b>	<b>40,258</b>	<b>123,652</b>	<b>55.6%</b>	<b>181,463</b>	<b>97,213</b>	<b>278,677</b>
<b>Hardlines</b>							
Hardware	11,441	4,403	15,843	54.0%	25,173	9,292	34,465
Home Entertainment	2,427	71	2,498	16.5%	2,896	95	2,991
Home Electronics	7,204	3,585	10,789	34.1%	10,884	5,485	16,369
Major Home Appliances	7,115	2,156	9,271	46.0%	13,284	3,899	17,183
Home Office	2	233	236	45.9%	3	433	437
Tools	121	-	121	61.7%	317	-	317
Cooking And Cleanup	487	-	487	60.1%	1,221	-	1,221
Laundry	714	-	714	62.1%	1,882	-	1,882
Plumbing & Heating	42	-	42	33.4%	64	-	64
Food Storage	1,407	-	1,407	51.9%	2,925	-	2,925
Audio/Visual	212	-	212	49.1%	415	-	415
<b>Total Hardlines</b>	<b>31,173</b>	<b>10,448</b>	<b>41,621</b>	<b>46.8%</b>	<b>59,066</b>	<b>19,204</b>	<b>78,269</b>
<b>Apparel</b>							
Jewelry	21,600	1,386	22,985	84.5%	137,256	10,643	147,899
Womens	38,617	12,136	50,753	62.6%	100,576	35,230	135,806
Intimate & Acc.	35,328	15,558	50,886	59.9%	84,341	42,592	126,933
Kmart Footwear	47,860	9,787	57,647	62.7%	127,244	27,241	154,485
Off-Price Apparel	2,045	396	2,441	58.2%	4,876	966	5,842
Menswear	64,085	18,915	82,999	53.8%	134,512	45,416	179,928
Kidsworld	50,851	21,986	72,837	56.9%	113,472	55,629	169,101
Accessories	8,451	5,439	13,890	70.7%	28,457	18,907	47,365
<b>Total Apparel</b>	<b>268,837</b>	<b>85,603</b>	<b>354,440</b>	<b>63.4%</b>	<b>730,734</b>	<b>236,624</b>	<b>967,359</b>
<b>Drug Store</b>							
Beauty Care	40,393	7,103	47,496	42.2%	70,209	12,000	82,203
Stationery	8,141	1,614	9,756	49.3%	16,203	3,029	19,232
Cards, Wrap & Party	156	6	162	43.3%	272	13	285
Health Care	28,474	5,450	33,924	43.4%	50,635	9,274	59,909
<b>Total Drug Store</b>	<b>77,164</b>	<b>14,174</b>	<b>91,337</b>	<b>43.5%</b>	<b>137,313</b>	<b>24,316</b>	<b>161,630</b>
<b>Food &amp; Consumables</b>							
Consumables	31,880	13,434	45,314	31.2%	47,533	18,314	65,847
Edible	21,751	4,882	26,633	28.3%	30,334	6,826	37,160
Tobacco & Alcohol	1,505	14	1,519	25.4%	1,988	48	2,036 (1)
Readers Market	1,280	62	1,343	43.1%	2,260	98	2,358
<b>Total Food &amp; Consumables</b>	<b>56,416</b>	<b>18,393</b>	<b>74,809</b>	<b>30.3%</b>	<b>82,115</b>	<b>25,286</b>	<b>107,401</b>
<b>General Merchandise</b>							
Toys And Hobbies	54,389	42,328	96,717	44.8%	98,759	76,460	175,219
Seasonal	26,539	10,474	37,013	67.6%	81,901	32,427	114,328
Sport Gd Athletic	32,071	9,264	41,335	51.8%	66,067	19,771	85,838
Car Care	7,463	786	8,250	52.8%	15,865	1,632	17,496
<b>Total General Merchandise</b>	<b>120,463</b>	<b>62,851</b>	<b>183,314</b>	<b>53.3%</b>	<b>262,592</b>	<b>130,289</b>	<b>392,881</b>
<b>Pharmacy</b>							
Non Prescription Pharmacy	1,067	-	1,067	8.7%	1,168	-	1,168 (1)
<b>Miscellaneous</b>							
Regional Merchandise	6,891	120	7,012	47.4%	13,107	231	13,338
Miscellaneous	62	12	75	52.5%	128	29	157
<b>Total Miscellaneous</b>	<b>6,954</b>	<b>133</b>	<b>7,087</b>	<b>47.5%</b>	<b>13,235</b>	<b>261</b>	<b>13,496</b>
<b>Additional Kmart Divisions</b>							
RTW	216	7,281	7,497	(11.7%)	729	5,964	6,714
S Child Appri	59	1,711	1,770	66.8%	87	5,247	5,335
S Boy/Grl Ap	-	5,839	5,839	46.4%	-	10,894	10,894
Mens Apparel	277	11,061	11,338	68.6%	867	35,228	36,095
<b>Total Additional Kmart Divisions</b>	<b>552</b>	<b>25,892</b>	<b>26,444</b>	<b>55.2%</b>	<b>1,683</b>	<b>57,334</b>	<b>59,018</b>
<b>Adjusted Inventory (5)</b>	<b>\$646,019</b>	<b>\$257,753</b>	<b>\$903,772</b>	<b>56.1%</b>	<b>\$1,469,370</b>	<b>\$590,548</b>	<b>\$2,059,918</b>
Less: Non-Prescription Pharmacy, Tobacco & Alcohol (Exhibit B-5)			(2,585)				(3,256) (1)
Retail Inventory Excluding Non-Prescription Pharmacy, Tobacco & Alcohol			<b>901,186</b>				<b>2,056,663</b>
Add: Non-Prescription Pharmacy, Tobacco & Alcohol (Exhibit B-5)			<b>2,585</b>				<b>3,256</b>
<b>Adjusted Inventory</b>			<b>903,772</b>				<b>2,059,918</b>
Less: Return To Vendor Goods/Damages (Exhibit B-4)			(3,112)				(7,079)
<b>Total Adjusted Kmart Inventory Before Markdowns</b>			<b>900,659</b>				<b>2,052,839</b>
Less: Adjustments For Markdowns At Retail Only							
Jewelry Markdown Adjustment At Retail Only			N/A (4)				(115,500)
Non-Jewelry Markdown Adjustment At Retail Only			N/A (4)				(380,800)
<b>Total Adjustments For Markdowns At Retail Only</b>							<b>(496,300)</b>
<b>Total Adjusted Inventory to be Included in Kmart Retail GOB Sale (5) (6)</b>			<b>\$900,659</b>				<b>\$1,556,539</b>

**Notes:**

- (1) Computed retail based upon Company-supplied sales and margin information. Total computed retail equals \$3.3 million (see Exhibit B-5).
- (2) Markup (MU) supplied by Company.
- (3) DC and store inventory includes pack-away inventory which is included in estimated GOB recoveries.
- (4) N/A means Not Applicable.
- (5) Percentages (%) and dollars (\$) may not add due to rounding.
- (6) This Exhibit should be read in conjunction with the full written report.

Exhibit B-3a

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001186  
**JX 103-36**

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Sears Full Line Stores (408 Full Line, 5 Grand/Essentials)**  
**Inventory to be Included in the Retail Store GOB Sale at Cost and Retail**  
**As of November 3, 2018**  
**(\$ in 000's)**

Classification	Inventory at Cost			MU (1) %	Inventory at Retail		
	Store \$ (2)	DC \$ (2)	Total \$		Store \$ (2)	DC \$ (2)	Total \$
<b>Home</b>							
Housewares	\$11,804	\$7,144	\$18,949	49.7%	\$21,837	\$15,819	\$37,656
Luggage	3,379	978	4,357	70.4%	13,326	1,392	14,718
Floorcare, Sewing	8,173	15,600	23,773	50.0%	17,823	29,768	47,591
Window	1,712	186	1,898	61.8%	4,663	303	4,966
Custom Draperies	2,572	1,022	3,594	57.8%	6,873	1,647	8,521
Floor Coverings	337	105	442	56.0%	932	72	1,004
Lawn, Garden, Patio	47,776	34,286	82,062	50.3%	96,075	68,888	164,963
Mattresses	24,434	1,914	26,348	73.5%	97,573	2,389	99,962
Bed And Bath	20,648	5,276	25,924	66.1%	67,089	9,290	76,378
<b>Total Home</b>	<b>120,835</b>	<b>66,512</b>	<b>187,348</b>	<b>58.9%</b>	<b>326,192</b>	<b>129,568</b>	<b>455,760</b>
<b>Hardlines</b>							
Home Office	461	419	880	69.7%	563	2,339	2,903
Tools	55,554	60,711	116,265	53.4%	131,941	117,729	249,671
Cooking And Cleanup	35,516	25,526	61,042	50.5%	75,196	48,220	123,416
Laundry	24,635	28,939	53,574	49.8%	54,958	51,869	106,828
Paint	1,197	81	1,278	38.1%	1,832	234	2,066
Water Treatment	684	1,438	2,122	49.3%	1,455	2,731	4,186
Electrical Components	2,020	4,039	6,059	50.4%	4,941	7,269	12,210
Plumbing & Heating	6,196	7,275	13,471	52.2%	10,625	17,579	28,204
Food Storage	37,013	46,034	83,047	50.3%	70,930	96,315	167,245
Audio/Visual	2,889	3,740	6,629	63.4%	3,294	13,469	16,763
Bathrm Fixturs & Plumbing Acc	110	4	114	52.1%	233	14	237
<b>Total Hardlines</b>	<b>165,773</b>	<b>178,208</b>	<b>343,981</b>	<b>51.8%</b>	<b>355,958</b>	<b>357,769</b>	<b>713,727</b>
<b>Apparel</b>							
Junior Apparel	8,349	1,303	9,652	68.3%	24,679	5,797	30,476
Costume/Jewelry	4,543	25	4,568	76.8%	19,587	91	19,678
Sportswear	31,753	3,748	35,501	69.3%	94,136	21,644	115,781
Special Sizes	10,427	1,057	11,484	68.3%	31,637	4,550	36,187
Outerwear	4,841	1,426	6,267	72.3%	15,795	6,798	22,594
Bras/Panties/Daywear	37,759	3,046	40,805	61.4%	99,165	6,611	105,776
Infants/Child Wear	16,002	3,074	19,076	69.7%	48,774	14,092	62,866
Dresses	3,088	206	3,294	72.5%	11,114	886	12,001
Mens Furnishings	14,063	2,006	16,069	66.4%	41,236	6,529	47,764
Children's Footwear	14,073	2,254	16,327	82.5%	39,346	4,224	43,571
Sleepwear/Robes	12,112	1,366	13,477	69.8%	38,562	6,122	44,683
Boys Wear	18,018	2,355	20,373	70.2%	58,138	10,137	68,275
Mens Sportswear	67,359	8,224	75,583	68.8%	214,616	27,562	242,178
Licensed Business Apparel	17,644	919	18,563	70.7%	58,661	4,614	63,275
Fine Jewelry	47,101	3,878	50,979	81.9%	276,498	4,705	281,203
Mens Dress Clothes	7,350	2,578	9,928	71.2%	30,350	4,165	34,515
Children's Hardlines	5,323	2,133	7,456	49.1%	8,748	5,900	14,648
Women's Shoes	19,350	4,133	23,483	72.3%	76,056	8,673	84,728
Mens Shoes	34,244	15,026	49,270	59.0%	92,991	27,130	120,121
Fragrance & Bath	9,880	231	10,111	46.1%	16,139	611	18,750
Hosiery	3,647	966	4,614	68.9%	11,935	2,922	14,857
Adult Athletics	16,312	3,554	19,866	57.5%	39,660	7,093	46,754
Girls Wear	13,454	2,292	15,747	73.3%	48,396	10,674	59,071
Handbags	10,410	734	11,144	72.3%	36,691	3,542	40,233
<b>Total Apparel</b>	<b>427,100</b>	<b>66,536</b>	<b>493,636</b>	<b>69.7%</b>	<b>1,434,911</b>	<b>195,075</b>	<b>1,629,985</b>
<b>General Merchandise</b>							
Sporting Goods	14,144	34,057	48,200	49.5%	33,335	62,190	95,525
Health And Beauty	355	144	499	57.9%	639	547	1,186
Toys	3,555	16,085	19,639	57.4%	6,025	40,064	46,089
<b>Total General Merchandise</b>	<b>18,053</b>	<b>50,285</b>	<b>68,339</b>	<b>52.1%</b>	<b>40,003</b>	<b>102,801</b>	<b>142,804</b>
<b>Miscellaneous</b>							
General Merchandise	400	661	1,061	53.1%	1,284	980	2,263
Miscellaneous	1,224	395	1,618	66.8%	2,949	1,932	4,881
<b>Total Miscellaneous</b>	<b>1,624</b>	<b>1,056</b>	<b>2,680</b>	<b>62.5%</b>	<b>4,233</b>	<b>2,911</b>	<b>7,144</b>
<b>Automotive</b>							
Automotive	138	-	138	61.3%	356	-	356
<b>Adjusted Inventory (4)</b>	<b>\$733,523</b>	<b>\$362,598</b>	<b>1,096,121</b>	<b>62.8%</b>	<b>\$2,161,651</b>	<b>\$788,124</b>	<b>\$2,949,776</b>
Less: Return To Vendor Goods/Damages (Exhibit B-4)			(1,714)				(4,846)
<b>Total Adjusted Sears Inventory Before Markdowns</b>			<b>1,094,407</b>				<b>2,944,929</b>
Less: Adjustments For Markdowns At Retail Only							
Jewelry Markdown Adjustment At Retail Only			N/A (3)				(236,000)
Non-Jewelry Markdown Adjustment At Retail Only			N/A (3)				(475,300)
<b>Total Adjustments For Markdowns At Retail Only</b>			<b>N/A (3)</b>				<b>(711,300)</b>
<b>Total Adjusted Inventory to be Included in The Sears Full Line GOB Sale (4) (5)</b>			<b>\$1,094,407</b>				<b>\$2,233,529</b>

**Notes:**

- (1) Markup (MU) and computed retail supplied by Company.
- (2) DC and store inventory includes pack-away inventory that is included in estimated GOB recoveries.
- (3) N/A means Not Applicable.
- (4) Percentages (%) and dollars (\$) may not add due to rounding.
- (5) This Exhibit should be read in conjunction with the full written report.

Exhibit B-3b

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001187  
**JX 103-37**



HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Sears Auto Centers (327 Stores)**

**Inventory to be Included in the Retail Store GOB Sale at Cost and Retail**

**As of November 3, 2018**

(\$ in 000's)

Classification	Inventory at Cost			MU (1) %	Inventory at Retail		
	Store \$	DC \$	Total \$		Store \$	DC \$	Total \$
<b>Automotive</b>							
Automotive	\$7,583	\$982	\$8,564	60.9%	\$19,569	\$2,339	\$21,908
Tires	34,496	9,314	43,809	42.7%	55,294	21,156	76,451
<b>Total Automotive</b>	<b>42,078</b>	<b>10,295</b>	<b>52,374</b>	<b>46.8%</b>	<b>74,864</b>	<b>23,495</b>	<b>98,359</b>
<b>Adjusted Inventory (3)</b>	<b>\$42,078</b>	<b>\$10,295</b>	<b>\$52,374</b>	<b>46.8%</b>	<b>\$74,864</b>	<b>\$23,495</b>	<b>\$98,359</b>
Less: Non-Jewelry Markdown Adjustment At Retail Only				N/A (2)			(15,700)
<b>Total Adjusted Inventory to be Included In The Sears Auto Center GOB Sale (3) (4)</b>			<b>\$52,374</b>				<b>\$82,659</b>

**Note(s):**

(1) Markup (MU) supplied by the Company

(2) N/A means Not Applicable.

(3) Percentages (%) and dollars (\$) may not add due to rounding.

(4) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001188  
**JX 103-38**

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Go-Forward Inventory**  
**Inventory Classifications to be Sold On A Wholesale Basis**  
**As of November 3, 2018**  
(\$ in 000's)

Classification	Kmart Inventory		Sears Inventory		Total Inventory	
	Cost \$	Retail \$	Cost \$	Retail \$	Cost \$	Retail \$
Repair Parts	\$0	\$0	\$52,124	N/A (4)	\$52,124	N/A (4)
Sears Home Improvement	-	-	3,495	N/A (4)	3,495	N/A (4)
Prescription Pharmacy Inventory (1) (2)	30,603	N/A (4)	-	-	30,603	N/A (4)
Commercial Sales (Builders Distributors) (1)	-	-	20,698	N/A (4)	20,698	N/A (4)
RTV Damages (1) (3)	3,112	7,079	1,714	4,946	4,826	12,025
Restaurant Inventory (1)	230	N/A (4)	-	-	230	N/A (4)
<b>Total (5) (6)</b>	<b>\$33,945</b>		<b>\$78,031</b>		<b>\$111,977</b>	

Note(s):

- (1) These categories are carried in the stock ledger at cost only.
- (2) Prescription pharmacy inventory will be sold with prescription lists.
- (3) Retail was computed based on Company-supplied sales and margin information.
- (4) N/A means Not Applicable.
- (5) Percentages (%) and dollars (\$) may not add due to rounding.
- (6) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001189  
**JX 103-39**



**Sears Holdings Corporation**  
**Kmart Stores**  
**Tobacco & Alcohol, and Non Prescription Pharmacy**  
**Summary Of Estimated Gross Recovery Values**  
**As of November 3, 2018**  
(\$ in 000s)

Classification	Inventory at Computed Retail (1) \$	Estimated Gross Recovery (2) % Of Retail	Estimated Gross Recovery \$
<b>Food And Consumables</b>			
Tobacco & Alcohol	\$2,069	90.0%	\$1,862
<b>Pharmacy</b>			
Non Prescription Pharmacy - Store	1,187	62.0%	736
<b>Total (3) (4)</b>	<b>\$3,256</b>	<b>79.8%</b>	<b>\$2,598</b>

**Note(s):**

- (1) The Company maintains values for non-prescription pharmacy, tobacco, and alcohol inventory in the stock ledger system at cost. Retail was computed value based on Company-supplied sales and margin information.
- (2) Gross recoveries for the December Rollforward are included on Exhibit A-2a (Kmart Stores) for the purposes of determining net recoveries.
- (3) Percentages (%) and dollars (\$) may not add due to rounding.
- (4) This Exhibit should be read in conjunction with the full written report.

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Estimated Net Recovery On Total Company Inventory Sold On A Wholesale Basis**  
**As of November 3, 2018**  
(\$ in 000s)

Classification	Inventory at (1)		Recovery (2)	
	Cost \$	Retail \$	Cost %	\$
Repair Parts	\$52,124	N/A (4)	20.0%	\$10,425
Sears Home Improvement	3,495	N/A (4)	20.0%	699
Prescription Pharmacy Inventory (3)	30,603	N/A (4)	90.0%	27,543
Commercial Sales (Builders Distributors)	20,698	N/A (4)	20.0%	4,140
RTV Damages	4,826	12,025	15.0%	726
Restaurant Inventory	230	N/A (4)	5.0%	12
<b>Total (5) (6)</b>	<b>\$111,977</b>		<b>38.9%</b>	<b>\$43,545</b>

Note(s):

- (1) Inventory in stock ledger at cost only.
- (2) Recovery estimates are net of expenses.
- (3) Prescription Pharmacy inventory is assumed to be sold with prescription lists. Recovery shown for inventory only. See additional recoveries for discussion of prescription lists (scripts).
- (4) N/A means Not Applicable.
- (5) Percentages (%) and dollars (\$) may not add due to rounding.
- (6) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001191  
**JX 103-41**



HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Total Company**

**Operating Metrics**

12 Months Ending October 2018

(\$ in 000s)

Division Name	Net Sales		Gross Margin		Avg. Inv. at Cost		Inv. Turns	Days' Sales
	\$	% Total	\$	% of Net	\$	% Total		
Kmart Corporation	\$3,895,902	42.9%	\$1,097,229	28.2%	\$1,082,303	41.2%	2.6	141
Sears Full Line Stores	4,893,623	53.9%	1,281,201	26.2%	1,487,492	56.6%	2.4	150
Sears Auto Centers	281,716	3.1%	78,530	27.9%	59,250	2.3%	3.4	106
<b>Total (1) (2)</b>	<b>\$9,071,242</b>	<b>100.0%</b>	<b>\$2,456,959</b>	<b>27.1%</b>	<b>\$2,629,045</b>	<b>100.0%</b>	<b>2.5</b>	<b>145</b>

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001192  
**JX 103-42**

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Kmart Corporation  
Operating Metrics  
12 Months Ending October 2018  
(\$ in 000s)

Classification	Net Sales		Gross Margin		Avg. Inv. at Cost		Inv. Turns	Days' Sales
	\$	% Total	\$	% of Net	\$	% Total		
<b>Home</b>								
Household Goods	\$220,513	5.7%	\$62,523	28.4%	\$136,564	12.6%	1.2	315
Outdoor Living	51,131	1.3%	9,827	19.2%	2,189	0.2%	18.9	19
Lawn & Garden	44,874	1.2%	7,515	16.7%	9,326	0.9%	4.0	91
Soft Home	220,423	5.7%	82,121	37.3%	-	-	N/A	N/A
Floorcare, Sewing	30	0.0%	7	22.1%	-	-	N/A	N/A
<b>Total Home</b>	<b>536,971</b>	<b>13.8%</b>	<b>161,992</b>	<b>30.2%</b>	<b>148,079</b>	<b>13.7%</b>	<b>2.5</b>	<b>144</b>
<b>Hardlines</b>								
Hardware	66,937	1.7%	26,380	39.4%	18,973	1.8%	2.1	171
Home Entertainment	11,196	0.3%	2,297	20.5%	2,992	0.3%	3.0	123
Home Electronics	70,378	1.8%	14,524	20.6%	12,920	1.2%	4.3	84
Major Home Appliances	54,421	1.4%	14,820	27.2%	11,103	1.0%	3.6	102
Home Office	5	0.0%	(2)	(36.8%)	283	0.0%	N/A	N/A
Tools	201	0.0%	95	47.3%	145	0.0%	0.7	501
Cooking And Cleanup	3,022	0.1%	928	30.7%	584	0.1%	3.6	102
Laundry	5,921	0.2%	1,654	27.9%	854	0.1%	5.0	73
Water Treatment	0	0.0%	0	44.3%	51	0.0%	N/A	N/A
Food Storage	7,617	0.2%	1,729	22.7%	1,685	0.2%	3.5	104
Audio/Visual	149	0.0%	38	25.3%	253	0.0%	0.4	831
<b>Total Hardlines</b>	<b>219,847</b>	<b>5.6%</b>	<b>62,463</b>	<b>28.4%</b>	<b>49,843</b>	<b>4.6%</b>	<b>3.2</b>	<b>116</b>
<b>Apparel</b>								
Jewelry	64,131	1.6%	25,420	36.5%	27,526	2.5%	1.5	247
Womens	267,355	6.9%	89,095	33.3%	60,779	5.6%	2.9	124
Intimate & Acc.	146,025	3.7%	49,970	34.2%	60,939	5.6%	1.6	232
Kmart Footwear	195,247	5.0%	68,677	35.2%	69,035	6.4%	1.8	199
Off-Price Apparel	17,527	0.4%	1,349	7.7%	2,923	0.3%	5.5	66
Menswear	316,111	8.1%	92,836	29.4%	99,395	9.2%	2.2	162
Kidsworld	238,884	6.1%	69,533	29.1%	87,225	8.1%	1.9	188
Accessories	44,979	1.2%	17,359	38.6%	16,634	1.5%	1.7	220
<b>Total Apparel</b>	<b>1,290,258</b>	<b>33.1%</b>	<b>412,239</b>	<b>32.0%</b>	<b>424,456</b>	<b>39.2%</b>	<b>2.1</b>	<b>176</b>
<b>Drug Store</b>								
Beauty Care	175,142	4.5%	49,944	28.5%	56,879	5.3%	2.2	166
Stationery	51,528	1.3%	20,901	40.6%	11,683	1.1%	2.6	139
Cards, Wrap & Party	29,190	0.7%	16,704	57.2%	194	0.0%	64.4	6
Health Care	157,057	4.0%	50,175	31.9%	40,625	3.8%	2.6	139
<b>Total Drug Store</b>	<b>412,916</b>	<b>10.6%</b>	<b>137,724</b>	<b>33.4%</b>	<b>109,380</b>	<b>10.1%</b>	<b>2.5</b>	<b>145</b>
<b>Food &amp; Consumables</b>								
Consumables	233,947	6.0%	34,211	14.6%	54,266	5.0%	3.7	99
Edible	219,401	5.6%	20,553	9.4%	31,894	2.9%	6.2	59
Tobacco & Alcohol	12,239	0.3%	1,698	13.9%	1,819	0.2%	5.8	63
Readers Market	11,216	0.3%	3,036	27.1%	1,608	0.1%	5.1	72
Dry Grocery	575	0.0%	82	14.2%	-	-	N/A	N/A
Frozen And Dairy	180	0.0%	24	13.3%	-	-	N/A	N/A
Meat	209	0.0%	(2)	(0.8%)	-	-	N/A	N/A
Produce	71	0.0%	5	7.0%	-	-	N/A	N/A
Bakery	84	0.0%	(7)	(7.8%)	-	-	N/A	N/A
Delicatessen	54	0.0%	(8)	(14.3%)	-	-	N/A	N/A
Seafood	20	0.0%	7	37.4%	-	-	N/A	N/A
Floral	(0)	(0.0%)	1	N/A	-	-	N/A	N/A
<b>Total Food &amp; Consumables</b>	<b>477,995</b>	<b>12.3%</b>	<b>59,600</b>	<b>12.5%</b>	<b>89,587</b>	<b>8.3%</b>	<b>4.7</b>	<b>78</b>
<b>General Merchandise</b>								
Toys And Hobbies	263,214	6.8%	81,203	30.9%	115,823	10.7%	1.6	232
Seasonal	111,304	2.9%	35,421	31.8%	44,325	4.1%	1.7	213
Sport Gd Athletic	133,891	3.4%	45,572	34.0%	49,500	4.6%	1.8	205
Car Care	39,360	1.0%	13,479	34.2%	9,879	0.9%	2.6	139
Sporting Goods	77	0.0%	32	41.7%	-	-	N/A	N/A
<b>Total General Merchandise</b>	<b>547,846</b>	<b>14.1%</b>	<b>175,707</b>	<b>32.1%</b>	<b>219,526</b>	<b>20.3%</b>	<b>1.7</b>	<b>215</b>
<b>Pharmacy</b>								
Pharmacy	339,924	8.7%	64,996	19.1%	1,277	0.1%	N/A	N/A
<b>Miscellaneous</b>								
Regional Merchandise	18,775	0.5%	4,875	26.0%	8,397	0.8%	1.7	220
Misc Business	48,602	1.2%	16,204	33.3%	-	-	N/A	N/A
Home Fashions	212	0.0%	113	53.4%	-	-	N/A	N/A
Gasoline	-	-	4	N/A	-	-	N/A	N/A
Miscellaneous	-	-	-	-	89	0.0%	N/A	N/A
<b>Total Miscellaneous</b>	<b>67,589</b>	<b>1.7%</b>	<b>21,196</b>	<b>31.4%</b>	<b>8,486</b>	<b>0.8%</b>	<b>5.5</b>	<b>67</b>
<b>Additional Kmart Divisions</b>								
RTW	1,390	0.0%	709	51.0%	8,978	0.8%	N/A	N/A
S Child Apprl	172	0.0%	64	37.1%	2,120	0.2%	N/A	N/A
S Boy/Grl Ap	302	0.0%	189	62.6%	6,993	0.6%	N/A	N/A
Mens Apparel	691	0.0%	349	50.5%	13,578	1.3%	N/A	N/A
<b>Total Additional Kmart Divisions</b>	<b>2,555</b>	<b>0.1%</b>	<b>1,311</b>	<b>51.3%</b>	<b>31,668</b>	<b>2.9%</b>	<b>N/A</b>	<b>N/A</b>
<b>Total (1) (2)</b>	<b>\$3,895,902</b>	<b>100.0%</b>	<b>\$1,097,229</b>	<b>28.2%</b>	<b>\$1,082,303</b>	<b>100.0%</b>	<b>2.6</b>	<b>141</b>

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

Exhibit C-1a

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001193  
**JX 103-43**



Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation

Sears Full Line Stores

Operating Metrics

12 Months Ending October 2018

(\$ in 000s)

Classification	Net Sales		Gross Margin		Avg. Inv. at Cost		Inv. Turns	Days' Sales
	\$	% Total	\$	% of Net	\$	% Total		
Home								
Housewares	559,574	1.2%	56,336	10.6%	525,714	1.7%	2.1	176
Nursery Stock	58	0.0%	(4)	(6.8%)	-	-	N/A	N/A
Luggage	14,200	0.3%	5,501	38.7%	5,913	0.4%	1.5	248
Floorcare, Sewing	81,139	1.7%	27,075	33.4%	32,261	2.2%	1.7	218
Window	7,480	0.2%	1,002	13.4%	2,576	0.2%	2.5	145
Custom Draperies	-	-	-	-	4,877	0.3%	N/A	N/A
Floor Coverings	1,483	0.0%	(475)	(32.0%)	600	0.0%	3.3	112
Lawn,Garden,Patio	355,415	7.3%	55,284	15.6%	111,362	7.5%	2.7	135
Mattresses	231,989	4.7%	109,282	47.1%	35,756	2.4%	3.4	106
Bed And Bath	80,087	1.6%	24,983	31.2%	35,181	2.4%	1.6	233
Total Home	831,425	17.0%	228,985	27.5%	254,240	17.1%	2.4	154
Hardlines								
Home Office	2,840	0.1%	30	1.0%	1,195	0.1%	2.4	155
Tools	438,874	9.0%	109,242	24.9%	157,778	10.6%	2.1	175
Cooking And Cleanup	386,272	7.9%	83,063	21.5%	82,837	5.6%	3.7	100
Laundry	511,155	10.4%	138,814	27.2%	72,703	4.9%	5.1	71
Paint	2,167	0.0%	192	8.8%	1,734	0.1%	1.1	320
Water Treatment	5,778	0.1%	2,335	40.4%	2,880	0.2%	1.2	305
Electrical Components	13,119	0.3%	2,940	22.4%	8,222	0.6%	1.2	295
Plumbing & Heating	47,160	1.0%	15,273	32.4%	18,281	1.2%	1.7	209
Food Storage	565,234	11.6%	76,823	13.6%	112,699	7.6%	4.3	84
Audio/Visual	13,252	0.3%	(1,252)	(9.4%)	8,318	0.6%	1.7	209
DVD	364	0.0%	53	14.7%	-	-	N/A	N/A
Bathrmi Fixturs & Plumbing Acc	337	0.0%	(18)	(5.4%)	154	0.0%	2.3	158
Total Hardlines	1,986,554	40.6%	427,496	21.5%	466,800	31.4%	3.3	109
Apparel								
Junior Apparel	41,011	0.8%	8,009	19.5%	13,098	0.9%	2.5	145
Costume Jewelry	15,959	0.3%	5,353	33.5%	6,199	0.4%	1.7	213
Sportswear	189,374	3.9%	52,054	27.5%	48,176	3.2%	2.9	128
Special Sizes	66,112	1.4%	17,087	25.8%	15,585	1.0%	3.1	116
Outerwear	24,122	0.5%	8,124	33.7%	8,504	0.6%	1.9	194
Bras/Panties/Daywear	74,199	1.5%	21,299	28.7%	55,375	3.7%	1.0	382
Lands End Ready To Wear	85,522	1.7%	34,026	39.8%	-	-	N/A	N/A
Infants/Child Wear	72,100	1.5%	19,349	26.8%	25,887	1.7%	2.0	179
Dresses	17,209	0.4%	2,535	14.7%	4,471	0.3%	3.3	111
Mens Furnishings	63,365	1.3%	21,752	34.3%	21,806	1.5%	1.9	191
Children's Footwear	43,914	0.9%	11,075	25.2%	22,157	1.5%	1.5	246
Sleepwear/Robes	45,750	0.9%	13,577	29.7%	18,289	1.2%	1.8	207
Lands End Mens	15,583	0.3%	5,621	36.1%	-	-	N/A	N/A
Boys Wear	78,446	1.6%	24,505	31.2%	27,648	1.9%	2.0	187
Mens Sportswear	330,208	6.7%	99,898	30.3%	102,570	6.9%	2.2	163
Licensed Business Apparel	105,322	2.2%	29,269	27.8%	25,191	1.7%	3.0	121
Fine Jewelry	149,521	3.1%	49,703	33.2%	69,181	4.7%	1.4	253
Mens Dress Clothes	35,353	0.7%	14,880	42.1%	13,473	0.9%	1.5	240
Lands End Childrens	16,048	0.3%	5,304	33.1%	-	-	N/A	N/A
Children's Hardlines	12,527	0.3%	1,323	10.6%	10,118	0.7%	1.1	330
Women's Shoes	75,942	1.6%	20,068	26.4%	31,867	2.1%	1.8	208
Mens Shoes	172,901	3.5%	68,807	39.8%	66,861	4.5%	1.6	234
Fragrance & Bath	34,789	0.7%	6,762	19.4%	13,721	0.9%	2.0	179
Hosiery	15,867	0.3%	5,659	35.7%	6,261	0.4%	1.6	224
Adult Athletics	46,743	1.0%	11,166	23.9%	26,959	1.8%	1.3	277
Girls Wear	71,388	1.5%	18,781	26.3%	21,369	1.4%	2.5	148
Lands End Footwear	1,434	0.0%	1,171	81.7%	-	-	N/A	N/A
Handbags	50,480	1.0%	18,249	36.2%	15,123	1.0%	2.1	171
Total Apparel	1,951,190	39.9%	595,406	30.5%	669,889	45.0%	2.0	180
General Merchandise								
Sporting Goods	106,025	2.2%	26,756	25.2%	65,411	4.4%	1.2	301
Health And Beauty	197	0.0%	53	26.7%	677	0.0%	0.2	1,713
Toys	6,067	0.1%	338	5.6%	26,652	1.8%	0.2	1,698
Pantry And Household	440	0.0%	(601)	(136.6%)	-	-	N/A	N/A
Total General Merchandise	112,728	2.3%	26,546	23.5%	92,739	6.2%	0.9	393
Miscellaneous								
Furniture-In Store	4,169	0.1%	1,465	35.1%	-	-	N/A	N/A
General Merchandise	4,594	0.1%	880	19.2%	1,440	0.1%	2.6	142
Miscellaneous	923	0.0%	(174)	(18.8%)	2,196	0.1%	N/A	N/A
Total Miscellaneous	9,686	0.2%	2,171	22.4%	3,637	0.2%	2.1	177
Automotive								
Automotive	2,040	0.0%	596	29.2%	187	0.0%	7.7	47
Total (1) (2)	\$4,893,623	100.0%	\$1,281,201	26.2%	\$1,487,492	100.0%	2.4	150

Notes:

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

Exhibit C-1b

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001194

JX 103-44

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Sears Auto Centers**

**Operating Metrics**

12 Months Ending October 2018

(\$ in 000s)

Classification	Net Sales		Gross Margin		Avg. Inv. at Cost		Inv. Turns	Days' Sales
	\$	% Total	\$	% of Net	\$	% Total		
Automotive								
Automotive	\$134,952	47.9%	\$57,928	42.9%	\$9,689	16.4%	7.9	46
Tires	146,764	52.1%	20,602	14.0%	49,561	83.6%	2.5	143
Total (1) (2)	\$281,716	100.0%	\$78,530	27.9%	\$59,250	100.0%	3.4	106

**Note(s):**

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001195  
**JX 103-45**



HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Total Company**  
Operating Metrics Comparison  
12 Months Ending October 2018 vs. September 2018  
(\$ in 000s)

Division Name	Net Sales \$						Gross Margin %			Inventory Turnover			Days' Sales in Inventory		
	Oct 2018		Sep 2018		Change		Oct 2018	Sep 2018	Pct. Pt. Chg.	Oct 2018	Sep 2018	Chg.	Oct 2018	Sep 2018	Days Chg.
	\$	% of Total	\$	% of Total	\$	% of Total									
Kmart Corporation	\$3,895,902	42.9%	\$3,976,864	43.3%	(\$80,962)	(0.3%)	28.2%	28.2%	(0.0%)	2.6	2.5	0.0	141	144	(3)
Sears Full Line Stores	4,893,623	53.9%	4,925,542	53.6%	(31,919)	0.4%	26.2%	26.1%	0.0%	2.4	2.4	0.1	150	154	(3)
Sears Auto Centers	281,716	3.1%	291,847	3.2%	(10,131)	(0.1%)	27.9%	28.2%	(0.3%)	3.4	3.4	0.0	106	108	(1)
<b>Total (1) (2)</b>	<b>\$9,071,242</b>	<b>100.0%</b>	<b>\$9,194,254</b>	<b>100.0%</b>	<b>(\$123,012)</b>	<b>-</b>	<b>27.1%</b>	<b>27.1%</b>	<b>(0.0%)</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>	<b>145</b>	<b>148</b>	<b>(3)</b>

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

SEARS\_507B\_00001196  
**JX 103-46**

Sears Holdings Corporation  
Kmart Corporation  
Operating Metrics Comparison  
12 Months Ending October 2018 vs. September 2018  
(\$ in 000s)

Classification	Net Sales \$						Gross Margin %			Inventory Turnover			Days' Sales in Inventory		
	Oct 2018		Sep 2018		Change		Oct 2018	Sep 2018	Pct. Pt. Chg.	Oct 2018	Sep 2018	Chg.	Oct 2018	Sep 2018	Days Chg.
	\$	% of Total	\$	% of Total	\$	% of Total									
<b>Home</b>															
Household Goods	\$220,513	5.7%	\$224,290	5.6%	(\$3,777)	0.0%	28.4%	28.5%	(0.1%)	1.2	1.1	0.0	315	321	(6)
Outdoor Living	51,131	1.3%	52,031	1.3%	(900)	0.0%	19.2%	18.4%	0.9%	18.9	15.5	3.4	19	24	(4)
Lawn & Garden	44,874	1.2%	45,808	1.2%	(934)	(0.0%)	16.7%	16.7%	0.0%	4.0	4.0	0.0	91	91	(0)
Soft Home	220,423	5.7%	222,637	5.6%	(2,214)	0.1%	37.3%	37.6%	(0.3%)	N/A	N/A	N/A	N/A	N/A	N/A
Floorcare, Sewing	30	0.0%	23	0.0%	6	0.0%	22.1%	24.1%	(2.0%)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Home</b>	<b>536,971</b>	<b>13.8%</b>	<b>544,789</b>	<b>13.7%</b>	<b>(7,818)</b>	<b>0.1%</b>	<b>30.2%</b>	<b>30.2%</b>	<b>(0.1%)</b>	<b>2.5</b>	<b>2.5</b>	<b>0.1</b>	<b>144</b>	<b>147</b>	<b>(3)</b>
<b>Hardlines</b>															
Hardware	66,937	1.7%	68,650	1.7%	(1,713)	(0.0%)	39.4%	39.8%	(0.4%)	2.1	2.1	0.1	171	178	(7)
Home Entertainment	11,196	0.3%	11,621	0.3%	(425)	(0.0%)	20.5%	21.9%	(1.4%)	3.0	2.8	0.2	123	130	(7)
Home Electronics	70,378	1.8%	72,044	1.8%	(1,666)	(0.0%)	20.6%	20.7%	(0.0%)	4.3	4.0	0.3	84	91	(6)
Major Home Appliances	54,421	1.4%	56,303	1.4%	(1,882)	(0.0%)	27.2%	26.7%	0.5%	3.6	3.5	0.1	102	105	(3)
Home Office	5	0.0%	5	0.0%	(0)	(0.0%)	(36.8%)	(43.8%)	7.1%	N/A	N/A	N/A	N/A	N/A	N/A
Tools	201	0.0%	192	0.0%	9	0.0%	47.3%	47.4%	(0.1%)	0.7	0.8	(0.0)	501	474	27
Cooking And Cleanup	3,022	0.1%	2,885	0.1%	137	0.0%	30.7%	31.6%	(0.9%)	3.6	3.2	0.3	102	112	(11)
Laundry	5,921	0.2%	5,718	0.1%	203	0.0%	27.9%	28.3%	(0.4%)	5.0	4.6	0.4	73	79	(6)
Food Storage	7,617	0.2%	7,292	0.2%	325	0.0%	22.7%	23.3%	(0.6%)	3.5	3.8	(0.3)	104	96	8
Audio/Visual	149	0.0%	112	0.0%	37	0.0%	25.3%	17.0%	8.4%	0.4	0.4	0.0	831	839	(8)
<b>Total Hardlines</b>	<b>219,847</b>	<b>5.6%</b>	<b>224,822</b>	<b>5.7%</b>	<b>(4,975)</b>	<b>(0.0%)</b>	<b>28.4%</b>	<b>28.5%</b>	<b>(0.1%)</b>	<b>3.2</b>	<b>3.0</b>	<b>0.1</b>	<b>116</b>	<b>121</b>	<b>(6)</b>
<b>Apparel</b>															
Jewelry	64,131	1.6%	64,528	1.6%	(397)	0.0%	36.5%	36.8%	(0.3%)	1.5	1.5	0.0	247	251	(4)
Womens	267,355	6.9%	270,693	6.8%	(3,339)	0.1%	33.3%	32.4%	0.9%	2.9	3.0	(0.0)	124	123	1
Intimate & Acc.	145,025	3.7%	146,865	3.7%	(840)	0.1%	34.2%	34.7%	(0.5%)	1.6	1.5	0.1	232	239	(8)
Kmart Footwear	195,247	5.0%	199,111	5.0%	(3,864)	0.0%	35.2%	35.4%	(0.2%)	1.8	1.9	(0.1)	199	191	9
Off-Price Apparel	17,527	0.4%	19,358	0.5%	(1,832)	(0.0%)	7.7%	0.0%	(0.01)	5.5	4.1	1.4	66	89	(23)
Menswear	316,111	8.1%	318,488	8.0%	(2,378)	0.1%	29.4%	28.9%	0.5%	2.2	2.2	(0.0)	162	162	0
Kidsworld	238,884	6.1%	244,304	6.1%	(5,420)	(0.0%)	29.1%	28.9%	0.2%	1.9	2.1	(0.1)	188	177	11
Accessories	44,979	1.2%	45,479	1.1%	(500)	0.0%	38.6%	38.7%	(0.2%)	1.7	1.8	(0.1)	220	208	11
<b>Total Apparel</b>	<b>1,290,258</b>	<b>33.1%</b>	<b>1,308,827</b>	<b>32.9%</b>	<b>(18,569)</b>	<b>0.2%</b>	<b>32.0%</b>	<b>31.7%</b>	<b>0.2%</b>	<b>2.1</b>	<b>2.1</b>	<b>(0.0)</b>	<b>176</b>	<b>174</b>	<b>3</b>
<b>Drug Store</b>															
Beauty Care	175,142	4.5%	177,701	4.5%	(2,559)	0.0%	28.5%	29.1%	(0.6%)	2.2	2.1	0.2	166	178	(12)
Stationery	51,528	1.3%	52,872	1.3%	(1,344)	(0.0%)	40.6%	42.0%	(1.4%)	2.6	2.4	0.2	139	153	(14)
Cards, Wrap & Party	29,190	0.7%	29,888	0.8%	(698)	(0.0%)	57.2%	58.0%	(0.8%)	64.4	58.5	6.0	6	6	(1)
Health Care	157,057	4.0%	160,661	4.0%	(3,604)	(0.0%)	31.9%	32.0%	(0.0%)	2.6	2.4	0.3	139	154	(15)
<b>Total Drug Store</b>	<b>412,916</b>	<b>10.6%</b>	<b>421,122</b>	<b>10.6%</b>	<b>(8,206)</b>	<b>0.0%</b>	<b>33.4%</b>	<b>33.9%</b>	<b>(0.5%)</b>	<b>2.5</b>	<b>2.3</b>	<b>0.2</b>	<b>145</b>	<b>158</b>	<b>(13)</b>
<b>Food &amp; Consumables</b>															
Consumables	233,947	6.0%	239,958	6.0%	(6,011)	(0.0%)	14.6%	15.2%	(0.6%)	3.7	3.2	0.5	99	114	(15)
Edible	219,401	5.6%	226,701	5.7%	(7,299)	(0.1%)	9.4%	9.0%	0.4%	6.2	5.7	0.5	59	64	(5)
Tobacco & Alcohol	12,239	0.3%	12,570	0.3%	(331)	(0.0%)	13.9%	15.7%	(1.8%)	5.8	5.2	0.6	63	71	(8)
Readers Market	11,216	0.3%	11,591	0.3%	(375)	(0.0%)	27.1%	27.0%	0.1%	5.1	4.7	0.4	72	78	(7)
Dry Grocery	575	0.0%	671	0.0%	(96)	(0.0%)	14.2%	13.4%	0.8%	N/A	N/A	N/A	N/A	N/A	N/A
Frozen And Dairy	180	0.0%	212	0.0%	(33)	(0.0%)	13.3%	13.2%	0.1%	N/A	N/A	N/A	N/A	N/A	N/A
Meat	209	0.0%	250	0.0%	(41)	(0.0%)	(0.8%)	4.4%	(5.2%)	N/A	N/A	N/A	N/A	N/A	N/A
Produce	71	0.0%	87	0.0%	(16)	(0.0%)	7.0%	7.7%	(0.7%)	N/A	N/A	N/A	N/A	N/A	N/A
Bakery	84	0.0%	98	0.0%	(14)	(0.0%)	(7.8%)	(2.1%)	(5.7%)	N/A	N/A	N/A	N/A	N/A	N/A
Delicatessen	54	0.0%	64	0.0%	(10)	(0.0%)	(14.3%)	(7.5%)	(6.8%)	N/A	N/A	N/A	N/A	N/A	N/A
Seafood	20	0.0%	23	0.0%	(3)	(0.0%)	37.4%	36.4%	1.0%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Food &amp; Consumables</b>	<b>477,995</b>	<b>12.3%</b>	<b>492,225</b>	<b>12.4%</b>	<b>(14,230)</b>	<b>(0.1%)</b>	<b>12.5%</b>	<b>12.6%</b>	<b>(0.1%)</b>	<b>4.7</b>	<b>4.1</b>	<b>0.5</b>	<b>78</b>	<b>88</b>	<b>(10)</b>
<b>General Merchandise</b>															
Toys And Hobbies	263,214	6.8%	266,239	6.7%	(3,025)	0.1%	30.9%	31.8%	(1.0%)	1.6	1.6	(0.0)	232	230	2
Seasonal	111,304	2.9%	112,420	2.8%	(1,117)	0.0%	31.8%	32.4%	(0.6%)	1.7	1.6	0.1	213	224	(11)
Sport Gd Athletic	133,891	3.4%	136,276	3.4%	(2,384)	0.0%	34.0%	34.1%	(0.0%)	1.8	1.8	0.0	205	206	(2)
Car Care	39,360	1.0%	40,489	1.0%	(1,129)	(0.0%)	34.2%	34.6%	(0.3%)	2.6	2.5	0.1	139	147	(7)
Sporting Goods	77	0.0%	67	0.0%	10	0.0%	41.7%	39.5%	2.2%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total General Merchandise</b>	<b>547,846</b>	<b>14.1%</b>	<b>555,491</b>	<b>14.0%</b>	<b>(7,644)</b>	<b>0.1%</b>	<b>32.1%</b>	<b>32.7%</b>	<b>(0.6%)</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0</b>	<b>215</b>	<b>217</b>	<b>(2)</b>
<b>Pharmacy</b>															
Pharmacy	339,924	8.7%	356,939	9.0%	(17,015)	(0.3%)	19.1%	19.3%	(0.2%)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Miscellaneous</b>															
Regional Merchandise	18,775	0.5%	18,769	0.5%	6	0.0%	26.0%	24.9%	1.1%	1.7	1.6	0.0	220	225	(4)
Misc Business	48,602	1.2%	51,187	1.3%	(2,585)	(0.0%)	33.3%	31.9%	1.5%	N/A	N/A	N/A	N/A	N/A	N/A
Home Fashions	212	0.0%	245	0.0%	(33)	(0.0%)	53.4%	51.7%	1.7%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Miscellaneous</b>	<b>67,589</b>	<b>1.7%</b>	<b>70,200</b>	<b>1.8%</b>	<b>(2,612)</b>	<b>(0.0%)</b>	<b>31.4%</b>	<b>30.1%</b>	<b>1.3%</b>	<b>5.5</b>	<b>5.5</b>	<b>(0.1)</b>	<b>67</b>	<b>66</b>	<b>1</b>
<b>Additional Kmart Divisions</b>															
RTW	1,390	0.0%	1,353	0.0%	38	0.0%	51.0%	51.1%	(0.1%)	N/A	N/A	N/A	N/A	N/A	N/A
S Child Apprl	172	0.0%	171	0.0%	1	0.0%	37.1%	37.4%	(0.3%)	N/A	N/A	N/A	N/A	N/A	N/A
S Boy/Grl Ap	302	0.0%	285	0.0%	17	0.0%	62.6%	64.1%	(1.5%)	N/A	N/A	N/A	N/A	N/A	N/A
Mens Apparel	691	0.0%	640	0.0%	52	0.0%	50.5%	52.3%	(1.8%)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Additional Kmart Divisions</b>	<b>2,555</b>	<b>0.1%</b>	<b>2,448</b>	<b>0.1%</b>	<b>107</b>	<b>0.0%</b>	<b>51.3%</b>	<b>52.0%</b>	<b>(0.7%)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total (1) (2)</b>	<b>\$3,895,902</b>	<b>100.0%</b>	<b>\$3,976,864</b>	<b>100.0%</b>	<b>(\$80,962)</b>	<b>-</b>	<b>28.2%</b>	<b>28.2%</b>	<b>(0.0%)</b>	<b>2.6</b>	<b>2.5</b>	<b>0.0</b>	<b>141</b>	<b>144</b>	<b>(3)</b>

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

Exhibit C-2a

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001197

JX 103-47



Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Sears Full Line Stores  
Operating Metrics Comparison  
12 Months Ending October 2018 vs. September 2018  
(\$ in 000s)

Classification	Net Sales \$						Gross Margin %			Inventory Turnover			Days' Sales in Inventory		
	Oct 2018		Sep 2018		Change		Oct 2018	Sep 2018	Pct. Pt. Chg.	Oct 2018	Sep 2018	Chg.	Oct 2018	Sep 2018	Days
	\$	% of Total	\$	% of Total	\$	% of Total									
<b>Home</b>															
Housewares	\$59,574	1.2%	\$59,162	1.2%	\$412	0.0%	10.6%	10.8%	(0.2%)	2.1	2.0	0.1	176	183	(7)
Nursery Stock	58	0.0%	69	0.0%	(10)	(0.0%)	(6.8%)	(7.5%)	0.6%	N/A	N/A	N/A	N/A	N/A	N/A
Luggage	14,200	0.3%	13,978	0.3%	222	0.0%	38.7%	39.4%	(0.7%)	1.5	1.4	0.0	248	253	(5)
Floorcare, Sewing	81,139	1.7%	82,366	1.7%	(1,227)	(0.0%)	33.4%	34.0%	(0.7%)	1.7	1.6	0.1	218	226	(8)
Window	7,480	0.2%	7,491	0.2%	(11)	0.0%	13.4%	11.4%	2.0%	2.5	2.3	0.2	145	157	(12)
Floor Coverings	1,483	0.0%	1,450	0.0%	33	0.0%	(32.0%)	(2.4%)	(29.6%)	3.3	2.3	1.0	112	159	(47)
Lawn,Garden,Patio	355,415	7.3%	357,754	7.3%	(2,339)	(0.0%)	15.6%	15.2%	0.4%	2.7	2.5	0.2	135	144	(8)
Mattresses	231,989	4.7%	236,821	4.8%	(4,832)	(0.1%)	47.1%	47.7%	(0.6%)	3.4	3.0	0.4	106	122	(15)
Bed And Bath	80,087	1.6%	77,856	1.6%	2,231	0.1%	31.2%	30.3%	0.8%	1.6	1.5	0.0	233	239	(6)
<b>Total Home</b>	<b>\$31,425</b>	<b>17.0%</b>	<b>\$36,946</b>	<b>17.0%</b>	<b>(5,522)</b>	<b>(0.0%)</b>	<b>27.5%</b>	<b>27.7%</b>	<b>(0.1%)</b>	<b>2.4</b>	<b>2.2</b>	<b>0.1</b>	<b>154</b>	<b>163</b>	<b>(9)</b>
<b>Hardlines</b>															
Home Office	2,840	0.1%	3,043	0.1%	(203)	(0.0%)	1.0%	(2.5%)	3.6%	2.4	2.4	(0.0)	155	155	0
Tools	438,874	9.0%	439,420	8.9%	(546)	0.0%	24.9%	24.8%	0.0%	2.1	2.0	0.0	175	179	(4)
Cooking And Cleanup	386,272	7.9%	399,274	8.1%	(13,002)	(0.2%)	21.5%	21.4%	0.1%	3.7	3.1	0.5	100	117	(17)
Laundry	511,155	10.4%	528,234	10.7%	(17,079)	(0.3%)	27.2%	27.0%	0.2%	5.1	4.5	0.6	71	82	(10)
Paint	2,167	0.0%	2,118	0.0%	48	0.0%	8.8%	5.0%	3.8%	1.1	1.2	(0.0)	320	315	5
Water Treatment	5,778	0.1%	5,887	0.1%	(108)	(0.0%)	40.4%	40.8%	(0.4%)	1.2	1.2	0.0	305	315	(10)
Electrical Components	13,119	0.3%	12,958	0.3%	161	0.0%	22.4%	21.8%	0.6%	1.2	1.4	(0.1)	295	264	31
Plumbing & Heating	47,160	1.0%	47,374	1.0%	(214)	0.0%	32.4%	32.7%	(0.3%)	1.7	1.7	0.1	209	219	(10)
Food Storage	565,234	11.6%	579,524	11.8%	(14,290)	(0.2%)	13.6%	13.8%	(0.2%)	4.3	3.9	0.4	84	93	(8)
Audio/Visual	13,252	0.3%	13,524	0.3%	(272)	(0.0%)	(9.4%)	(11.8%)	2.4%	1.7	1.8	(0.0)	209	204	5
DVD	364	0.0%	364	0.0%	0	0.0%	14.7%	13.9%	0.8%	N/A	N/A	N/A	N/A	N/A	N/A
Bathrm Fixturs & Plumbing Acc	337	0.0%	360	0.0%	(22)	(0.0%)	(5.4%)	(3.4%)	(2.0%)	2.3	2.3	(0.0)	158	156	3
<b>Total Hardlines</b>	<b>1,986,554</b>	<b>40.6%</b>	<b>2,032,081</b>	<b>41.3%</b>	<b>(45,528)</b>	<b>(0.7%)</b>	<b>21.5%</b>	<b>21.5%</b>	<b>0.1%</b>	<b>3.3</b>	<b>3.1</b>	<b>0.2</b>	<b>109</b>	<b>118</b>	<b>(9)</b>
<b>Apparel</b>															
Junior Apparel	41,011	0.8%	40,614	0.8%	397	0.0%	19.5%	19.6%	(0.1%)	2.5	2.8	(0.3)	145	130	15
Costume Jewelry	15,959	0.3%	15,683	0.3%	276	0.0%	33.5%	34.6%	(1.1%)	1.7	1.6	0.1	213	233	(20)
Sportswear	189,374	3.9%	190,059	3.9%	(685)	0.0%	27.5%	26.6%	0.9%	2.9	3.0	(0.1)	128	122	6
Special Sizes	66,112	1.4%	67,561	1.4%	(1,449)	(0.0%)	25.8%	26.9%	(1.0%)	3.1	3.2	(0.1)	116	113	3
Outerwear	24,122	0.5%	23,286	0.5%	836	0.0%	33.7%	34.0%	(0.3%)	1.9	2.7	(0.8)	194	135	59
Bras/Panties/Daywear	74,199	1.5%	72,353	1.5%	1,845	0.0%	28.7%	29.5%	(0.8%)	1.0	0.9	0.1	382	403	(21)
Lands End Ready To Wear	85,522	1.7%	85,579	1.7%	(57)	0.0%	39.8%	39.6%	0.2%	N/A	N/A	N/A	N/A	N/A	N/A
Infants/Child Wear	72,100	1.5%	71,789	1.5%	311	0.0%	26.8%	27.6%	(0.8%)	2.0	2.3	(0.2)	179	160	20
Dresses	17,209	0.4%	17,637	0.4%	(428)	(0.0%)	14.7%	13.5%	1.3%	3.3	3.2	0.1	111	114	(3)
Mens Furnishings	63,365	1.3%	62,386	1.3%	979	0.0%	34.3%	34.0%	0.3%	1.9	2.0	(0.1)	191	181	10
Children's Footwear	43,914	0.9%	43,546	0.9%	268	0.0%	25.2%	25.5%	(0.3%)	1.5	1.4	0.1	246	261	(15)
Sleepwear/Robes	45,750	0.9%	45,295	0.9%	454	0.0%	29.7%	29.8%	(0.1%)	1.8	2.0	(0.3)	207	180	28
Lands End Mens	15,583	0.3%	15,396	0.3%	187	0.0%	36.1%	35.1%	0.9%	N/A	N/A	N/A	N/A	N/A	N/A
Boys Wear	78,446	1.6%	78,284	1.6%	163	0.0%	31.2%	31.7%	(0.5%)	2.0	2.1	(0.2)	187	172	15
Mens Sportswear	330,208	6.7%	325,322	6.6%	4,887	0.1%	30.3%	30.5%	(0.3%)	2.2	2.2	0.0	163	166	(4)
Licensed Business Apparel	105,322	2.2%	104,513	2.1%	809	0.0%	27.8%	27.9%	(0.1%)	3.0	2.9	0.1	121	126	(5)
Fine Jewelry	149,521	3.1%	143,628	2.9%	5,893	0.1%	33.2%	32.0%	1.2%	1.4	1.4	0.1	253	265	(12)
Mens Dress Clothes	35,353	0.7%	35,341	0.7%	12	0.0%	42.1%	41.9%	0.2%	1.5	1.5	0.0	240	241	(1)
Lands End Childrens	16,048	0.3%	15,836	0.3%	212	0.0%	33.1%	30.9%	2.1%	N/A	N/A	N/A	N/A	N/A	N/A
Children's Hardlines	12,527	0.3%	12,503	0.3%	24	0.0%	10.6%	9.1%	1.4%	1.1	1.2	(0.0)	330	316	13
Womens Shoes	75,942	1.6%	74,326	1.5%	1,616	0.0%	26.4%	26.7%	(0.3%)	1.8	1.7	0.0	208	214	(6)
Mens Shoes	172,901	3.5%	171,873	3.5%	1,028	0.0%	39.8%	40.1%	(0.3%)	1.6	1.5	0.0	234	241	(7)
Fragrance & Bath	34,789	0.7%	34,649	0.7%	140	0.0%	19.4%	20.3%	(0.9%)	2.0	2.2	(0.2)	179	166	13
Hosiery	15,867	0.3%	15,300	0.3%	566	0.0%	35.7%	35.5%	0.1%	1.6	1.6	0.0	224	228	(4)
Adult Athletics	46,743	1.0%	46,224	0.9%	520	0.0%	23.9%	24.3%	(0.4%)	1.3	1.2	0.1	277	298	(21)
Girls Wear	71,388	1.5%	71,857	1.5%	(469)	(0.0%)	26.3%	27.4%	(1.1%)	2.5	2.7	(0.2)	148	135	14
Lands End Footwear	1,434	0.0%	1,581	0.0%	(147)	(0.0%)	81.7%	73.2%	8.5%	N/A	N/A	N/A	N/A	N/A	N/A
Handbags	50,480	1.0%	49,459	1.0%	1,021	0.0%	36.2%	37.1%	(0.9%)	2.1	2.1	0.1	171	176	(5)
<b>Total Apparel</b>	<b>1,951,190</b>	<b>39.9%</b>	<b>1,931,981</b>	<b>39.2%</b>	<b>19,210</b>	<b>0.6%</b>	<b>30.5%</b>	<b>30.6%</b>	<b>(0.0%)</b>	<b>2.0</b>	<b>2.0</b>	<b>(0.0)</b>	<b>180</b>	<b>179</b>	<b>1</b>
<b>General Merchandise</b>															
Sporting Goods	106,025	2.2%	107,147	2.2%	(1,122)	(0.0%)	25.2%	25.2%	0.1%	1.2	1.4	(0.2)	301	264	37
Health And Beauty	197	0.0%	194	0.0%	3	0.0%	26.7%	28.1%	(1.3%)	0.2	0.4	(0.2)	1,713	954	758
Toys	6,067	0.1%	5,477	0.1%	590	0.0%	5.6%	4.0%	1.6%	0.2	0.2	(0.0)	1,698	1,568	130
Pantry And Household	440	0.0%	476	0.0%	(36)	(0.0%)	(136.6%)	(133.7%)	(2.9%)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total General Merchandise</b>	<b>112,728</b>	<b>2.3%</b>	<b>113,294</b>	<b>2.3%</b>	<b>(565)</b>	<b>0.0%</b>	<b>23.5%</b>	<b>23.5%</b>	<b>0.1%</b>	<b>0.9</b>	<b>1.1</b>	<b>(0.1)</b>	<b>393</b>	<b>341</b>	<b>52</b>
<b>Miscellaneous</b>															
Furniture-In Store	4,169	0.1%	4,007	0.1%	161	0.0%	35.1%	36.1%	(0.9%)	N/A	N/A	N/A	N/A	N/A	N/A
General Merchandise	4,594	0.1%	4,388	0.1%	206	0.0%	19.2%	17.9%	1.2%	2.6	2.4	0.1	142	150	(9)
Miscellaneous	923	0.0%	794	0.0%	129	0.0%	(18.8%)	(35.7%)	16.9%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Miscellaneous</b>	<b>9,686</b>	<b>0.2%</b>	<b>9,189</b>	<b>0.2%</b>	<b>496</b>	<b>0.0%</b>	<b>22.4%</b>	<b>21.2%</b>	<b>1.2%</b>	<b>2.1</b>	<b>2.1</b>	<b>(0.1)</b>	<b>177</b>	<b>171</b>	<b>6</b>
<b>Automotive</b>															
Automotive	2,040	0.0%	2,051	0.0%	(11)	0.0%	29.2%	30.1%	(0.8%)	7.7	6.2	1.5	47	59	(12)
<b>Total (1) (2)</b>	<b>\$4,893,623</b>	<b>100.0%</b>	<b>\$4,925,542</b>	<b>100.0%</b>	<b>(\$31,919)</b>	<b>-</b>	<b>26.2%</b>	<b>26.1%</b>	<b>0.0%</b>	<b>2.4</b>	<b>2.4</b>	<b>0.1</b>	<b>150</b>	<b>154</b>	<b>(3)</b>

Notes(s):

- (1) Percentages (%) and dollars (\$) may not add due to rounding.  
(2) This Exhibit should be read in conjunction with the full written report.

Exhibit C-2b

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001198

JX 103-48

TIGER

Exhibits | Inventory Appraisal

Sears Holdings Corporation

Sears Auto Centers

Operating Metrics Comparison

12 Months Ending October 2018 vs. September 2018

(\$ in 000s)

Classification	Net Sales \$						Gross Margin %			Inventory Turnover			Days' Sales in Inventory		
	Oct 2018		Sep 2018		Change		Oct	Sep	Pct. Pt.	Oct	Sep	Chg.	Oct	Sep	Days
	\$	% of Total	\$	% of Total	\$	% of Total	2018	2018	Chg.	2018	2018		2018	2018	Chg.
<b>Automotive</b>															
Automotive	\$134,952	47.9%	\$139,293	47.7%	(\$4,341)	0.2%	42.9%	44.1%	(1.1%)	7.9	7.1	0.9	46	52	(6)
Tires	146,764	52.1%	152,554	52.3%	(5,790)	(0.2%)	14.0%	13.7%	0.3%	2.5	2.6	(0.0)	143	141	3
<b>Total (1) (2)</b>	<b>\$281,716</b>	<b>100.0%</b>	<b>\$291,847</b>	<b>100.0%</b>	<b>(\$10,131)</b>	<b>-</b>	<b>27.9%</b>	<b>28.2%</b>	<b>(0.3%)</b>	<b>3.4</b>	<b>3.4</b>	<b>0.0</b>	<b>106</b>	<b>108</b>	<b>(1)</b>

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001199  
JX 103-49



**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Total Company**

**Net Sales Seasonality**

**For the 12 Months Ending October 2018**

(\$ in 000s)

Month	For the 12 Months Ended October 2018				
	Sales	No. of	No. of	Sales Per Store Week	
	\$	Stores	Weeks	\$	% to Total
November 2017	\$1,022,602	1,542	4	\$165.8	10.7%
December	1,375,746	1,468	5	187.4	12.0%
January	758,162	1,428	5	106.2	6.8%
February	642,709	1,419	4	113.2	7.3%
March	755,311	1,412	5	107.0	6.9%
April 2018	557,178	1,310	4	106.3	6.8%
May 2018	681,260	1,287	4	132.3	8.5%
June	836,631	1,276	5	131.1	8.4%
July	607,777	1,213	4	125.3	8.0%
August	606,073	1,181	4	128.3	8.2%
September	655,469	1,095	5	119.7	7.7%
October 2018	572,323	1,072	4	133.5	8.6%
<b>Total (1) (2)</b>	<b>\$9,071,242</b>		<b>53</b>	<b>\$1,556.2</b>	<b>100.0%</b>
<b>Average</b>	<b>\$755,937</b>	<b>1,311</b>		<b>\$129.7</b>	

Note(s):

(1) Percentages (%) and dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

Source(s):

"Item 34 - GM by Div by Month Oct 2018" report and

"Item 35 - Sales by Store - 12 months ended P9FY18" report.

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001200  
JX 103-50

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation  
Kmart Corporation**  
**Net Sales Seasonality & Comparable Store Sales Trend**  
**For the 12 Months Ending October 2018 vs. 2017**  
(\$ in 000s)

Month	For the 12 Months Ended October 2018					Comparable Store Sales (1)			
	Sales \$	No. of Stores	No. of Weeks	Sales Per Store Week		Comp. Sales \$		Change	
				\$	% to Total	TY	LY	\$	%
November	\$433,172	483	4	\$224.2	10.1%	\$224,051	\$255,218	(\$31,167)	(12.2%)
December	646,882	432	5	299.5	13.4%	348,975	410,876	(61,900)	(15.1%)
January	329,724	432	5	152.7	6.8%	180,024	167,432	12,592	(14.0%)
February	275,965	432	4	159.7	7.2%	146,359	166,386	(20,027)	(12.0%)
March	322,279	429	5	150.2	6.7%	198,954	220,886	(21,933)	(9.9%)
April	227,534	365	4	155.8	7.0%	158,401	194,207	(35,806)	(18.4%)
May	261,449	364	4	179.6	8.0%	179,530	193,696	(14,166)	(7.3%)
June	351,266	363	5	193.5	8.7%	240,095	253,057	(12,962)	(5.1%)
July	264,341	360	4	183.6	8.2%	177,055	197,856	(20,802)	(10.5%)
August	249,654	356	4	175.3	7.9%	171,555	175,524	(3,969)	(2.3%)
September	277,782	339	5	163.9	7.3%	195,136	195,231	(95)	(0.0%)
October	255,855	332	4	192.7	8.6%	167,590	175,707	(8,117)	(4.6%)
<b>Total (2) (3)</b>	<b>\$3,895,902</b>		<b>53</b>	<b>\$2,230.7</b>	<b>100.0%</b>	<b>\$2,387,726</b>	<b>\$2,606,078</b>	<b>(\$218,352)</b>	<b>(10.1%)</b>
<b>Average</b>	<b>\$324,658</b>	<b>391</b>		<b>\$185.9</b>		<b>\$45,051</b>	<b>\$50,117</b>	<b>(\$5,065)</b>	

<b>6-Month Trend:</b>	<b>\$1,130,962</b>	<b>\$1,191,072</b>	<b>(\$60,110)</b>	<b>(5.0%)</b>
---------------------------	--------------------	--------------------	-------------------	---------------

Note(s):

- (1) Comparable store sales represent go-forward locations only.
- (2) Percentages (%) and dollars (\$) may not add due to rounding.
- (3) This Exhibit should be read in conjunction with the full written report.

Source(s):

"Item 34 - GM by Div by Month Oct 2018" report and "Item 35 - Sales by Store - 12 months ended P9FY18" report.

SEARS\_507B\_00001201  
**JX 103-51**



**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Sears Full Line Stores**

**Net Sales Seasonality & Comparable Store Sales Trend**

**For the 12 Months Ending October 2018 vs. 2017**

(\$ in 000s)

Month	For the 12 Months Ended October 2018 (1)					Comparable Store Sales (1) (2)			
	Sales \$	No. of Stores	No. of Weeks	Sales Per Store Week		Comp. Sales \$		Change	
				\$	% to Total	TY	LY	\$	%
November	\$560,110	574	4	\$244.0	11.3%	\$300,293	\$347,197	(\$46,904)	(13.5%)
December	693,036	574	5	241.5	11.1%	367,648	448,159	(80,512)	(18.0%)
January	400,002	551	5	145.2	6.7%	205,179	195,382	9,797	(16.0%)
February	346,503	550	4	157.5	7.3%	175,013	202,327	(27,314)	(13.5%)
March	407,129	547	5	148.9	6.9%	217,096	255,752	(38,656)	(15.1%)
April	309,794	509	4	152.2	7.0%	175,793	210,896	(35,102)	(16.6%)
May	399,455	509	4	196.2	9.1%	219,428	224,308	(4,880)	(2.2%)
June	460,549	507	5	181.7	8.4%	247,913	292,422	(44,508)	(15.2%)
July	324,145	486	4	166.7	7.7%	175,203	202,270	(27,067)	(13.4%)
August	337,385	471	4	179.1	8.3%	194,125	194,712	(587)	(0.3%)
September	354,883	414	5	171.4	7.9%	222,857	251,048	(28,191)	(11.2%)
October	300,632	413	4	182.0	8.4%	166,105	176,789	(10,684)	(6.0%)
<b>Total (3) (4)</b>	<b>\$4,893,623</b>		<b>53</b>	<b>\$2,166.3</b>	<b>100.0%</b>	<b>\$2,666,653</b>	<b>\$3,001,262</b>	<b>(\$334,609)</b>	<b>(12.8%)</b>
<b>Average</b>	<b>\$407,802</b>	<b>510</b>		<b>\$180.5</b>		<b>\$50,314</b>	<b>\$57,717</b>	<b>(\$7,402)</b>	

<b>6-Month Trend:</b>	<b>\$1,225,631</b>	<b>\$1,341,549</b>	<b>(\$115,918)</b>	<b>(8.6%)</b>
---------------------------	--------------------	--------------------	--------------------	---------------

**Note(s):**

- (1) Sales, store count and comparable store sales include Grand/Essentials stores.
- (2) Comparable store sales represent go-forward locations only.
- (3) Percentages (%) and dollars (\$) may not add due to rounding.
- (4) This Exhibit should be read in conjunction with the full written report.

**Source(s):**

"Item 34 - GM by Div by Month Oct 2018" report and "Item 35 - Sales by Store - 12 months ended P9FY18" report.

HIGHLY CONFIDENTIAL

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**  
**Sears Auto Centers**  
**Net Sales Seasonality & Comparable Store Sales Trend**  
**For the 12 Months Ending October 2018 vs. 2017**  
(\$ in 000s)

Month	For the 12 Months Ended October 2018					Comparable Store Sales (1)			
	Sales \$	No. of Stores	No. of Weeks	Sales Per Store Week		Comp. Sales \$		Change	
				\$	% to Total	TY	LY	\$	%
November	\$29,321	485	4	\$15.1	9.8%	\$16,289	\$19,846	(\$3,557)	(17.9%)
December	35,828	462	5	15.5	10.0%	20,213	25,531	(5,318)	(20.8%)
January	28,436	445	5	12.8	8.3%	16,560	15,235	1,326	(13.0%)
February	20,242	437	4	11.6	7.5%	12,079	14,136	(2,057)	(14.6%)
March	25,903	436	5	11.9	7.7%	15,605	18,413	(2,807)	(15.2%)
April	19,850	436	4	11.4	7.4%	12,347	14,639	(2,292)	(15.7%)
May	20,356	414	4	12.3	7.9%	13,166	14,764	(1,599)	(10.8%)
June	24,816	406	5	12.2	7.9%	16,527	18,821	(2,294)	(12.2%)
July	19,291	367	4	13.1	8.5%	13,169	14,800	(1,630)	(11.0%)
August	19,034	354	4	13.4	8.7%	13,404	14,199	(796)	(5.6%)
September	22,804	342	5	13.3	8.6%	16,550	17,381	(831)	(4.8%)
October	15,836	327	4	12.1	7.8%	12,029	14,634	(2,605)	(17.8%)
<b>Total (2) (3)</b>	<b>\$281,716</b>		<b>53</b>	<b>\$154.8</b>	<b>100.0%</b>	<b>\$177,939</b>	<b>\$202,399</b>	<b>(\$24,461)</b>	<b>(13.7%)</b>
<b>Average</b>	<b>\$23,476</b>	<b>410</b>		<b>\$12.9</b>		<b>\$3,357</b>	<b>\$3,892</b>	<b>(\$535)</b>	

<b>6-Month Trend:</b>	<b>\$84,845</b>	<b>\$94,600</b>	<b>(\$9,755)</b>	<b>(9.2%)</b>
---------------------------	-----------------	-----------------	------------------	---------------

Note(s):

- (1) Comparable store sales represent go-forward locations only.
- (2) Percentages (%) and dollars (\$) may not add due to rounding.
- (3) This Exhibit should be read in conjunction with the full written report.

Source(s):

"Item 34 - GM by Div by Month Oct 2018" report and "Item 35 - Sales by Store - 12 months ended P9FY18" report.

SEARS\_507B\_00001203  
**JX 103-53**

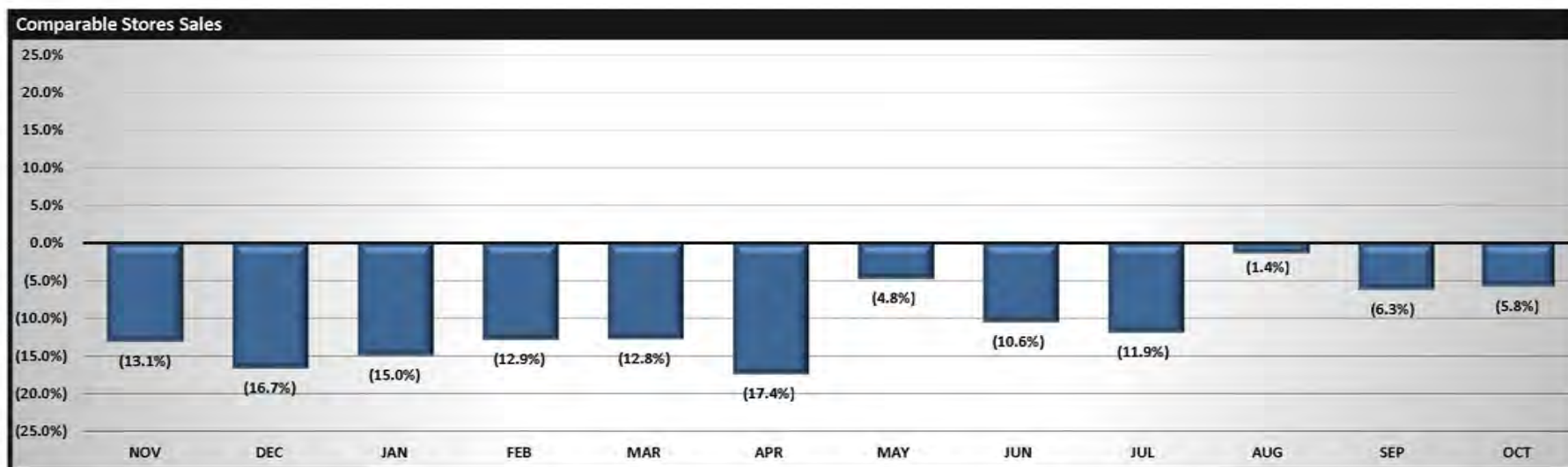


HIGHLY CONFIDENTIAL

Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation  
Total Company  
12 Months Ending October 2018 vs. October 2017  
(\$ in 000s)



SEARS\_507B\_00001204  
JX 103-54

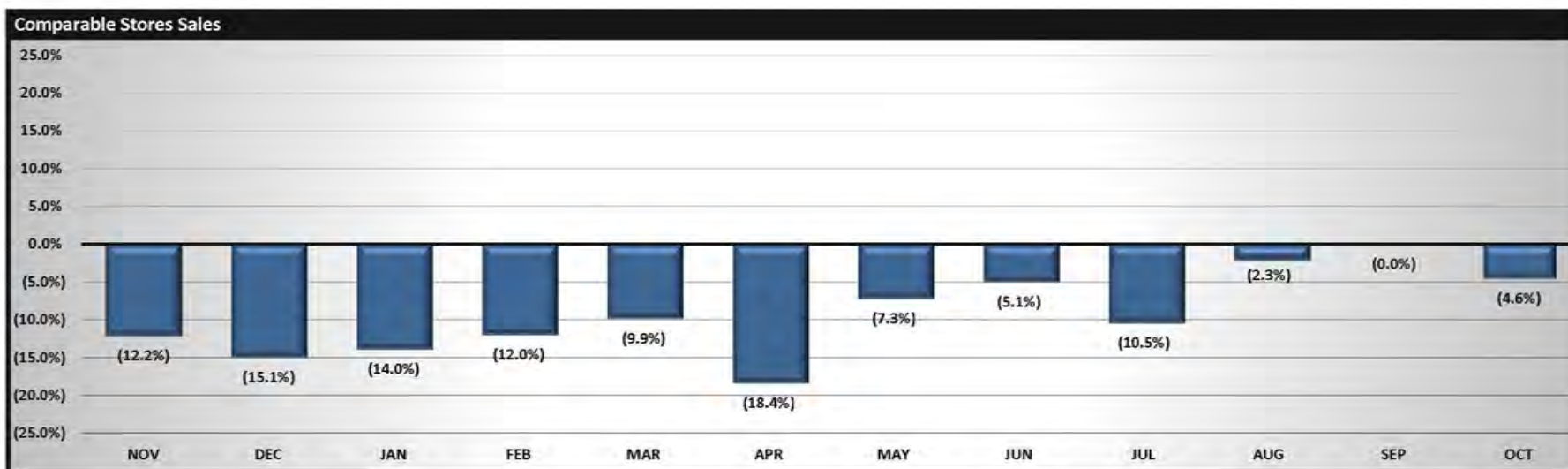
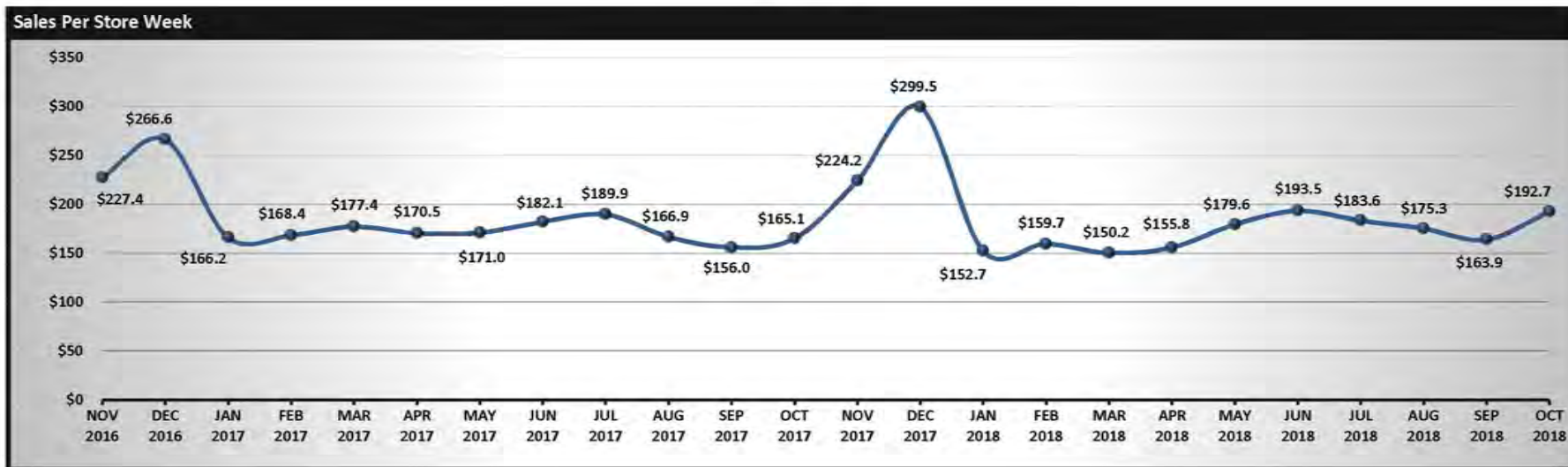
Exhibits | Inventory Appraisal

TIGER

Sears Holdings Corporation

Kmart Corporation

12 Months Ending October 2018 vs. October 2017  
(\$ in 000s)



HIGHLY CONFIDENTIAL

SEARS\_507B\_00001205  
JX 103-55



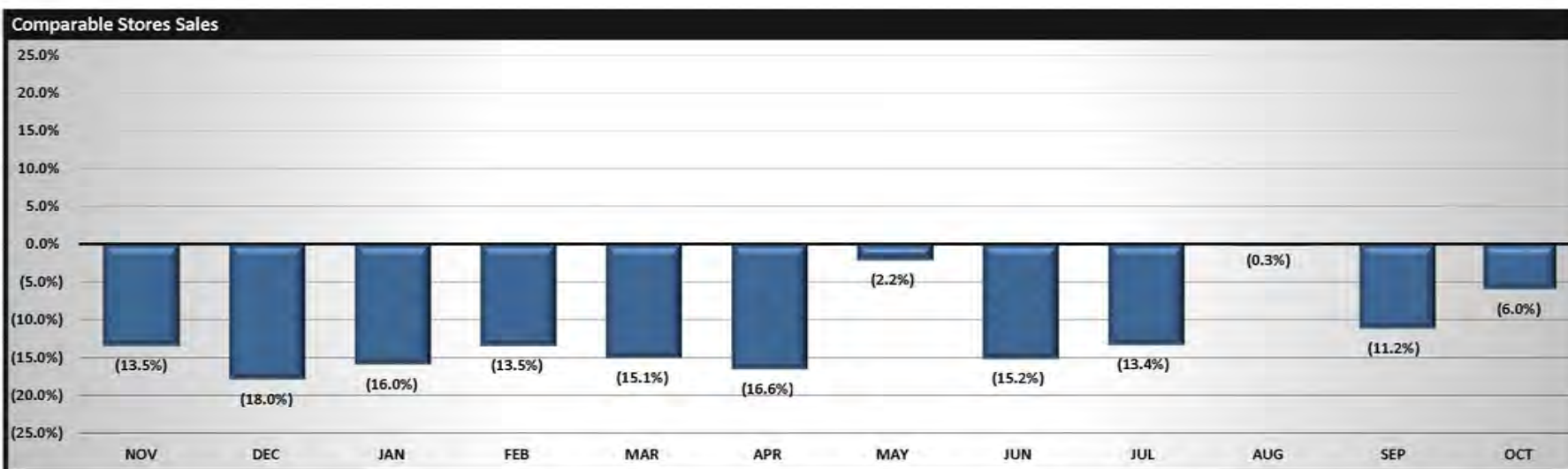
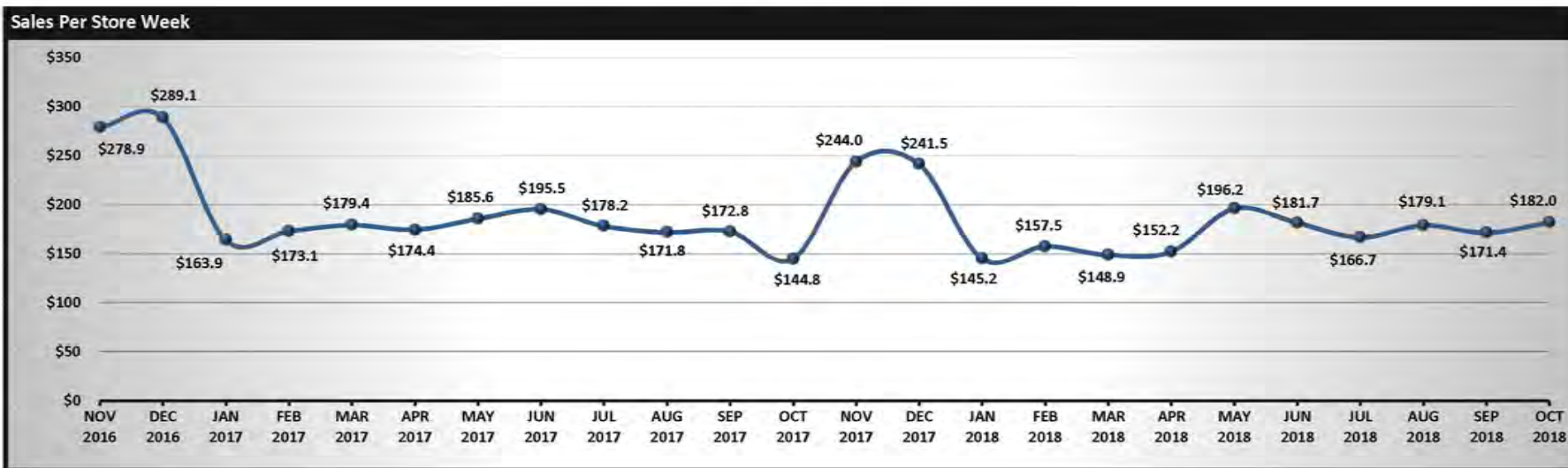
**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Sears Full Line Stores**

12 Months Ending October 2018 vs. October 2017  
(\$ in 000s)



HIGHLY CONFIDENTIAL

SEARS\_507B\_00001206  
JX 103-56

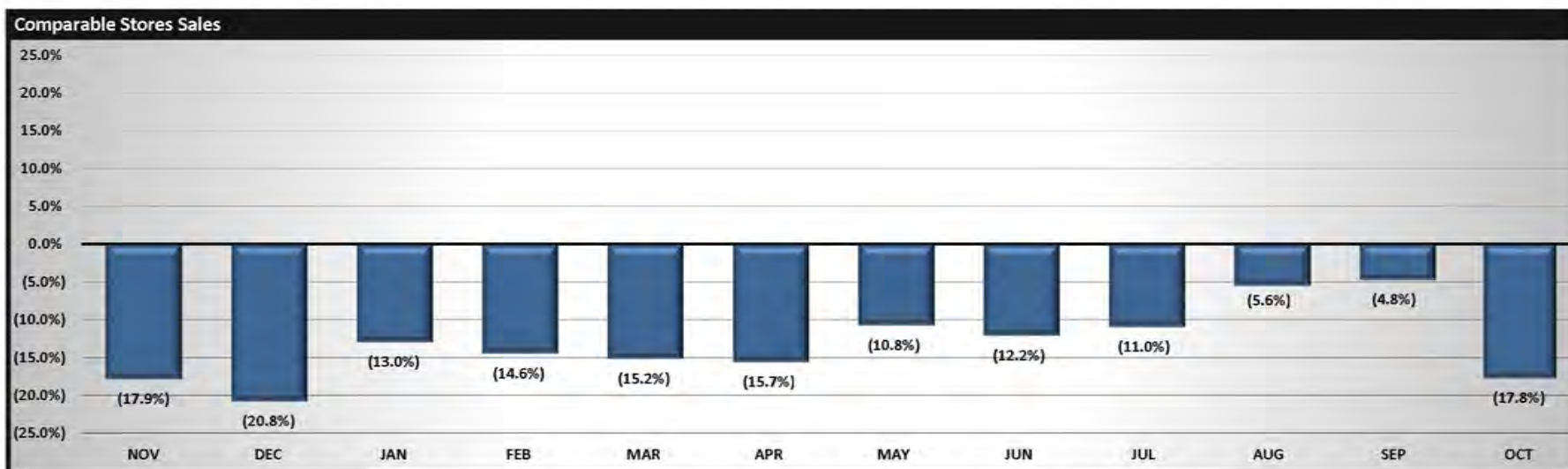
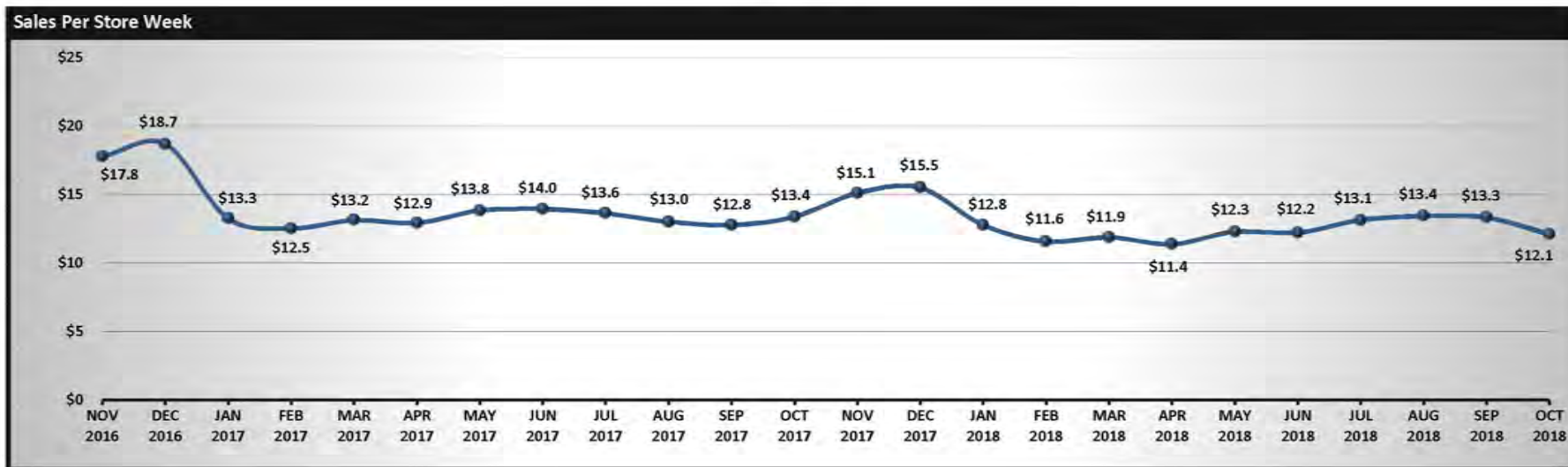
**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation**

**Sears Auto Centers**

12 Months Ending October 2018 vs. October 2017  
(\$ in 000s)



HIGHLY CONFIDENTIAL

SEARS\_507B\_00001207  
JX 103-57



Exhibits | Inventory Appraisal

TIGER

**Sears Holdings Corporation**  
**Total Company**  
**Inventory History**  
**For the 12 Months Ending October 2018 vs. 2017**  
(\$ in 000s)

Month	12 Months Ending October 2018 (1) (2) (3)											
	Kmart Corporation				Sears Full Line Stores				Sears Auto Centers			
	Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store	
			Cost \$	% to Avg.			Cost \$	% to Avg.			Cost \$	% to Avg.
November 2017	\$1,330,811	483	\$2,755	99.4%	\$1,766,220	574	\$3,077	105.2%	\$72,286	485	\$149	102.9%
December	1,128,286	432	2,612	94.3%	1,551,855	574	2,704	92.5%	70,233	462	152	105.0%
January	1,126,045	432	2,607	94.1%	1,503,664	551	2,729	93.3%	68,125	445	153	105.7%
February	1,089,989	432	2,523	91.1%	1,502,967	550	2,733	93.5%	64,743	437	148	102.3%
March	1,075,241	429	2,506	90.5%	1,532,933	547	2,802	95.8%	61,224	436	140	97.0%
April 2018	1,059,301	365	2,902	104.7%	1,556,809	509	3,059	104.6%	62,150	436	143	98.5%
May 2018	1,041,894	364	2,862	103.3%	1,523,984	509	2,994	102.4%	59,648	414	144	99.5%
June	1,030,025	363	2,838	102.4%	1,467,215	507	2,894	99.0%	57,970	406	143	98.6%
July	1,052,359	360	2,923	105.5%	1,430,941	486	2,944	100.7%	54,583	367	149	102.7%
August	1,056,315	356	2,967	107.1%	1,395,244	471	2,962	101.3%	51,651	354	146	100.8%
September	1,052,187	339	3,104	112.0%	1,391,071	414	3,360	114.9%	46,308	342	135	93.5%
October 2018	945,180	332	2,847	102.7%	1,227,004	413	2,971	101.6%	42,078	327	129	88.9%
<b>Average</b>	<b>\$1,082,303</b>	<b>391</b>	<b>\$2,771</b>	<b>100.0%</b>	<b>\$1,487,492</b>	<b>509</b>	<b>\$2,924</b>	<b>100.0%</b>	<b>\$59,250</b>	<b>409</b>	<b>\$145</b>	<b>100.0%</b>

Month	12 Months Ending October 2017 (1) (2) (3)											
	Kmart Corporation				Sears Full Line Stores				Sears Auto Centers			
	Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store	
			Cost \$	% to Avg.			Cost \$	% to Avg.			Cost \$	% to Avg.
November 2016	\$2,177,551	799	\$2,725	108.2%	\$2,288,202	676	\$3,385	111.3%	\$74,234	622	\$119	94.7%
December	1,855,405	799	2,322	92.2%	2,012,085	674	2,985	98.2%	69,756	622	112	89.0%
January	1,793,366	735	2,440	96.8%	1,997,264	672	2,972	97.8%	69,044	620	111	88.4%
February	1,690,382	734	2,303	91.4%	1,995,802	669	2,983	98.1%	68,851	587	117	93.1%
March	1,668,956	629	2,653	105.3%	1,952,831	636	3,070	101.0%	69,637	586	119	94.3%
April 2017	1,632,860	624	2,617	103.9%	1,978,218	628	3,150	103.6%	68,257	583	117	92.9%
May 2017	1,593,008	623	2,557	101.5%	1,997,303	627	3,185	104.8%	68,837	533	131	104.0%
June	1,510,979	619	2,441	96.9%	1,906,336	626	3,045	100.2%	69,389	522	133	105.5%
July	1,442,700	610	2,365	93.9%	1,793,449	622	2,883	94.8%	68,542	506	135	107.5%
August	1,446,037	602	2,402	95.3%	1,754,720	617	2,844	93.5%	68,264	499	137	108.6%
September	1,468,539	547	2,685	106.5%	1,699,005	582	2,919	96.0%	70,068	490	143	113.5%
October 2017	1,451,934	510	2,847	113.0%	1,740,286	574	3,032	99.7%	72,449	485	149	118.6%
<b>Average</b>	<b>\$1,644,310</b>	<b>653</b>	<b>\$2,520</b>	<b>100.0%</b>	<b>\$1,926,292</b>	<b>634</b>	<b>\$3,040</b>	<b>100.0%</b>	<b>\$69,861</b>	<b>555</b>	<b>\$126</b>	<b>100.0%</b>

Month	Change (1) (2) (3)											
	Kmart Corporation				Sears Full Line Stores				Sears Auto Centers			
	Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store		Inventory at Cost	No. of Stores	Cost Inv. Per Store	
			Cost \$	% Chg.			Cost \$	% Chg.			Cost \$	% Chg.
November	(\$846,740)	(316)	\$30	1.1%	(\$521,982)	(102)	(\$308)	(9.1%)	(\$1,947)	(137)	\$30	24.9%
December	(727,119)	(367)	290	12.5%	(460,229)	(100)	(282)	(9.4%)	476	(160)	40	35.6%
January	(667,320)	(303)	167	6.8%	(493,600)	(121)	(243)	(8.2%)	(918)	(175)	42	37.5%
February	(600,393)	(302)	220	9.6%	(492,835)	(119)	(251)	(8.4%)	(4,108)	(150)	31	26.3%
March	(593,716)	(200)	(147)	(5.5%)	(419,898)	(89)	(268)	(8.7%)	(8,413)	(150)	22	18.2%
April	(573,559)	(259)	285	10.9%	(421,410)	(119)	(91)	(2.9%)	(6,107)	(147)	25	21.8%
May	(551,114)	(259)	305	11.9%	(473,319)	(118)	(191)	(6.0%)	(10,189)	(119)	13	10.0%
June	(480,954)	(256)	397	16.2%	(439,121)	(119)	(151)	(5.0%)	(11,419)	(116)	10	7.4%
July	(390,341)	(250)	558	23.6%	(362,508)	(136)	61	2.1%	(13,959)	(139)	13	9.8%
August	(389,722)	(246)	565	23.5%	(359,476)	(146)	118	4.2%	(16,613)	(145)	9	6.7%
September	(416,352)	(208)	419	15.6%	(307,934)	(168)	441	15.1%	(23,760)	(148)	(8)	(5.3%)
October	(506,754)	(178)	(0)	(0.0%)	(513,282)	(161)	(61)	(2.0%)	(30,371)	(158)	(21)	(13.9%)
<b>Average</b>	<b>(\$562,007)</b>	<b>(262)</b>	<b>\$251</b>	<b>10.0%</b>	<b>(\$438,800)</b>	<b>(125)</b>	<b>(\$116)</b>	<b>(3.8%)</b>	<b>(\$10,611)</b>	<b>(145)</b>	<b>\$19</b>	<b>14.9%</b>

Note(s):

- (1) Inventory levels are shown prior to adjustments.
- (2) Percentages (%) and dollars (\$) may not add due to rounding.
- (3) This Exhibit should be read in conjunction with the full written report.

Source(s):

"Item 13, 15, 16 - InvatCostbyDivbyMonthOct18" report.

Exhibit E

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001208

**JX 103-58**

**Exhibits | Inventory Appraisal**

**TIGER**

**Sears Holdings Corporation  
Total Company  
Inventory Forecast  
For the 3 Months Ending January 2019  
(\$ in 000s)**

Classification	Nov 2018	Dec 2018	Jan 2019
Domestic Stock Ledger Inventory	\$2,218,658	\$1,752,115	\$1,753,463
Less: Excluded Inventory			
Unshipped Merchandise	103,000	71,000	75,000
Consignment	2,200	2,200	2,200
Home Services 50%	56,772	56,718	56,651
Accting & misc.	12,484	12,484	12,484
<b>Total Excluded Inventory</b>	<b>174,456</b>	<b>142,401</b>	<b>146,334</b>
<b>Stock ledger net of Exclusions</b>	<b>\$2,044,202</b>	<b>\$1,609,713</b>	<b>\$1,607,129</b>
Less: Inventory not to be included in Retail Store GOB			
Ocean In-Transit	141,317	119,967	108,898
Less: Decon to DC inventory	(4,850)	(4,850)	(6,790)
Repair Parts	49,782	49,728	49,661
Sears Home Improvement	3,495	3,495	3,495
Pharmacy	24,141	22,491	22,589
Commercial Sales (includes Industrial Tools)	117	117	117
Builder Distributors	18,102	18,535	18,062
RTV/Damages	5,877	5,877	5,877
Restaurant	230	230	230
<b>Inventory Not Included in Retail Store GOB</b>	<b>238,211</b>	<b>215,589</b>	<b>202,139</b>
<b>Inventory to be Sold on a Wholesale Basis</b>	<b>101,744</b>	<b>100,473</b>	<b>100,031</b>
<b>Go-Forward Retail Inventory</b>	<b>\$1,533,362</b>	<b>\$1,362,465</b>	<b>\$1,404,990</b>
<b>Wave 1 Closings</b>	<b>\$215,500</b>	<b>\$0</b>	<b>\$0</b>
<b>Wave 2 Closings</b>	<b>\$57,129</b>	<b>\$31,659</b>	<b>\$0</b>
<b>Total Adjusted Inventory to be Included in Retail Store GOB (1) (2)</b>	<b>\$1,805,991</b>	<b>\$1,394,124</b>	<b>\$1,404,990</b>

Note(s):

(1) Dollars (\$) may not add due to rounding.

(2) This Exhibit should be read in conjunction with the full written report.

Exhibit F

HIGHLY CONFIDENTIAL

SEARS\_507B\_00001209

**JX 103-59**



**Limitations & Disclaimer | Inventory Appraisal**

**TIGER**

In addition to the specific assumptions, qualifications, limitations, and disclaimers set forth elsewhere in this Net Orderly Liquidation Value of Inventory Report ("the Report"), the statements and conclusions expressed herein are subject to the following limitations, qualifications, and disclaimer:

1. No responsibility is assumed for matters of a legal nature which might affect the property that is the subject of this Report or the rights of any person therein or thereon. Without limiting the generality of the foregoing, the annexed Report assumes that the Company has good and marketable title to the property that is the subject of this Report; that such property is not subject to any liens, claims, encumbrances, or impediments to its free transferability; that the property is not subject to any claims by third parties or otherwise the subject of any litigation, arbitration, or other proceedings; that there are no existing or threatened defaults or breaches of any contracts or other agreements with vendors, suppliers, customers, or other parties concerning the subject property; that such property conforms to all statutes, regulations, rules, and codes that might relate to or affect the use, sale, or other disposition of the property (including, without limitation, all product safety rules and regulations applicable to the property); and that the Company is in compliance with all laws and regulations applicable to it and to its business. The Report further assumes that all manufacturers' and other warranties relating to all such property are in place and in full force and effect, and that none of the property is subject to any product recall.
2. Tiger has not been engaged to review any legal matters or to render any advice of a legal nature. The reader is advised to consult with his or her attorney on rules of law as they apply to the property in question (including as to the disposition thereof). The discussion in this Appendix should be considered neither a list of legal considerations nor legal advice. Tiger recommends that the reader rely on his or her own counsel for legal advice.
3. The three-month and 12-week pro forma included in the annexed Report ("the Pro Forma") are based upon total inventory, as projected by the Company. Tiger has assumed that the departmental mix (as to type, category, brand, style, and description) for the projected monthly inventories will be similar to that of the most recent appraisal conducted by Tiger with respect to the Company, if applicable. Any difference between the assumed departmental mix and the actual mix of the subject inventory, or between projected liquidation expenses and actual liquidation expenses could alter the outcome of the projected recovery values.
4. The recovery values projected in the Pro Forma are based upon all of the financial and inventory information which has been supplied by the Company, and Tiger has relied on the truth, accuracy, and completeness of all such information without independent verification, except as otherwise expressly set forth in the Report. Any change in circumstances relating to the Company, the inventory, competitive environment, or market sector in which the Company operates may result in material changes in recoveries on the subject inventory. Such changes in circumstances may include (but are not limited to) material changes in the quantity, quality, mix, and assortment of the inventory; material changes in the Company's sales and margins; material adverse changes in the Company's operations; and the Company's failure to take all normal-course permanent markdowns on inventory. In rendering the Report, Tiger has assumed that the Company will operate in the ordinary course throughout the period to which the Pro Forma relate, and that there will be no material adverse changes in the Company's business.
5. The Pro Forma assume peaceful use and occupancy of all store locations throughout any liquidation period. In the event that the Company is subject to a bankruptcy proceeding, the Company may not have use of all or any store locations beyond period for rejection or assumption of leases prescribed by the United States Bankruptcy Code. Tiger notes that under the Bankruptcy Code, a debtor is generally required to assume or reject leases of real property within 120 days after the filing of the bankruptcy petition. This may be extended for a period of 90 days by the Bankruptcy Court, but no further extension is permitted unless a lessor should consent to such further extension. There can be no assurance that a Bankruptcy Court will grant an initial extension of the date for the debtor's assumption or rejection of leases, or that any lessor would consent to



**Limitations & Disclaimer | Inventory Appraisal**

**TIGER**

any further extension. In the event of a bankruptcy proceeding, these limitations may limit the Company's ability to generate the recoveries described in the Pro Forma herein. Tiger recommends that the reader rely on his or her own counsel for legal advice regarding such matters.

6. It is an express condition of this Report that none of Tiger's affiliates, officers, directors, members, or employees are required to provide testimony or appear in any proceeding regarding this Report, unless otherwise expressly agreed upon by Tiger and the recipient of this Report.
7. The opinions expressed herein as to value are premised on the specific methods of sale contemplated by this Report (including, without limitation, the stated length of sale) and must not be relied upon in conjunction with any other proposed method of disposition of the subject assets.
8. This Report has been prepared in large part based upon information furnished by the Company or other third parties. The accuracy, completeness, and reliability of all such information has been assumed and relied upon by Tiger, and, except as otherwise specifically described herein, Tiger has not independently verified or audited any such information. Tiger makes no representation or warranty as to the completeness or accuracy of information furnished by third parties, and Tiger shall have no liability for the failure of any such information to be complete and correct in any respect.
9. All opinions as to value set forth in this Report are presented as Tiger's considered opinion, based on the facts and data described in this Report and information that has been provided to Tiger. Statements as to value set forth herein are opinions only and are not warranties or representations of fact. No responsibility is assumed for any inability to dispose of the subject assets at the values projected herein, and, except as expressly set forth herein, no representation or warranty is made as to the value or marketability of any such assets. The opinions expressed herein are not a guarantee of future success or performance of any asset disposition that may be undertaken or any decision to sell or not to sell all or any part of the subject assets. Unless otherwise expressly agreed in writing, Tiger does not undertake to update this Report based on any changes of circumstances relative to the Company, the subject assets, the Company's competitive environment, or economic circumstances generally.
10. The opinions expressed in this Report are illustrative of Tiger's view of the net liquidation value of the subject assets, based on the conditions and assumptions set forth in this Report, to be achieved through a competitive auction process involving multiple retail liquidation firm bidders and absent any material and adverse circumstances affecting the liquidation of the subject assets, the auction or sale process, and the retail liquidation industry generally. The opinions expressed in this Report do not constitute an offer by Tiger or its affiliates to provide any liquidation services with respect to the subject assets or otherwise, or a guaranty of the results of any liquidation of the subject assets or the results of any auction or other bidding process with respect to the liquidation of the subject assets, or an indication of Tiger's willingness to participate in any such auction or sale process, or a warranty of any bid that Tiger might submit in any such auction or sale process. The results of any auction or other sale process with respect to the liquidation of the subject assets is dependent upon a variety of factors, including, without limitation, the willingness of retail liquidation firms to participate in any such auction or process; the terms, conditions, and limitations imposed in connection with any such process and any proposed Agency Agreement or other contract or agreement relating thereto; and general business conditions affecting the retail liquidation sector. The retail liquidation industry in the United States is characterized by a limited number of nationally recognized participants. The success of any auction or other sale process relative to the liquidation of the subject assets is dependent upon the creation of a competitive auction environment. With a limited number of potential buyers, the willingness of any one or more retail liquidators to participate aggressively in an auction for the subject assets may be critical to the success of the auction process and the value received with respect to the subject assets. Any individual retail liquidator's willingness to bid or perform services is dependent upon such liquidator's current circumstances, including other ongoing or potential liquidation opportunities, availability of personnel, and constraints of

**Limitations & Disclaimer | Inventory Appraisal**

**TIGER**

capital. There can be no assurance that any or all of the bidders in any such process would participate or bid at the levels forecast in this Report.

11. Tiger represents that, except as disclosed in writing to the addressee(s) of this Report, Tiger has no present or contemplated future interest with respect to the Company, the property appraised, or the subject matter of this Report. Tiger's compensation for preparing this Report is not contingent upon the appraised value of the property or the other opinions and conclusions expressed herein.
12. This Report has not been compiled under the standards of any certifying organization or society.
13. This Report does not identify or discuss every contingency, statement, assumption, or condition affecting the Company, the assets subject to this Report, and the disposition thereof, and this Report is limited accordingly. Where appropriate, Tiger has stated the contingencies, statements, and assumptions it has relied upon in the preparation of this Report. All Schedules and Exhibits annexed hereto should be read in conjunction with the body of this Report in order that the underlying assumptions upon which the results are based are fully understood.
14. The opinions expressed herein are valid only for the express and stated purpose of providing information and assistance to the parties to whom this Report is specifically addressed, and are not in any way, implied or expressed, to be construed, used, circulated, quoted, relied upon, or otherwise referred to for any other purpose or by any other person without Tiger's express written authorization. Possession of this Report, or a copy thereof, does not carry with it the right of publication or reliance, which may only be based upon Tiger's express written authorization.